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Vertical advertisement on the left edge: 'The market for the flow...', '4% paid', 'Best of Britain'

NEWS SUMMARY

**BUSINESS**  
**Leyland investing £32m. in plant**  
BRITISH LEYLAND is to invest almost £32m. in its plant at Leyland, Lancs., over the next two years, in an effort to strengthen its position among leading European heavy commercial vehicle producers.

**Worries grow over pay increases**  
THE GOVERNMENT'S approach to pay policy after Phase Two had been largely expected by industry, according to the latest Financial Times monthly survey of business opinions.

**Oil imports**  
Protagonists of nuclear energy argue that to renounce nuclear technology would perpetuate France's dependence on oil at the cost of doubling the tax bill and tolerating a permanently weak position in the balance of payments and international credit.

**Well test by BP still leaves some doubt**  
BRITISH PETROLEUM has tested a promising flow of oil from its breakthrough discovery west of the Shetland Islands, but the performance of the well appears to have been less encouraging than many in the industry had hoped.

**Time running out in Leyland bid for more State aid**  
LEYLAND CARS is running out of time to its efforts to achieve the agreed reform of industrial relations demanded by the Government as a condition of further State finance.

**IMF finds more trade curbs**  
IMF has found higher incidence of trade protectionism around the world in the past 18 months, according to its annual survey of exchange restrictions, out today.

**Steel ready to back Tories or Labour**  
LIBERALS should be ready to enter a coalition with either Labour or Conservatives after the next General Election, Mr. David Steel, the Liberal leader said yesterday.

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Table with columns: FEATURES, ON OTHER PAGES, WEATHER, ANNUAL STATEMENTS. Includes items like 'Justinian', 'Egypt', 'World Trade', 'Daresbury Investments'.

TUC hopes pinned on 12-month gap as Phase Two ends

BY ALAN PIKE, LABOUR STAFF  
Phase Two of the pay policy came to an end at midnight amid anxious Government and TUC hopes that, through maintenance of the rule demanding a 12-month gap between wage settlements, its moderating influence will survive into the coming year.

**Unfettered**  
The Transport and General Workers Union, which is bound by a conference decision to an unfettered return to free collective bargaining, although Mr. Jack Jones, its general secretary, believes in the importance of the 12-month rule.

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One dead, 40 injured in reactor demo

PARIS, July 31. ANTI-NUCLEAR protesters laying siege to the site of France's first commercial fast-breeder reactor, fought a day-long battle against about 5,000 anti-police and weararmes today in some of the worst clashes between students and police since the Paris "revolution" of May 1968.

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Dresdner Bank advertisement: 'Dresdner Bank - founded more than a century ago. Its experience has grown ever since. Worldwide. Take advantage.', 'Dresdner Bank AG Head Office 7-8 Gallusanlage, Frankfurt/Main, Telephone: 2631, Telex: 4 1230 Federal Republic of Germany', 'London Branch: 8, Frederick's Place, London EC 2R 8AT Telephone: 01-606-7030 Telex: 885-540', 'Dresdner Bank Bankers to World Business'



The Hayward Annual, Part II Ayckbourn and Stoppard Plus by WILLIAM PACKER

ayward Annual, which often in profound disagreement with them, not least over the issue of social relevance (the artist's sole social obligation, it is simply to produce his best work, to get it right), but the issues remain important, and I value their contributions, what should be an intelligent debate.

The linking theme of these three short plays on a luncheon bill is the gap between private reminiscence or fantasy and public communication between two people. This is not, in itself, a guarantee of startling drama, but it provides a fascinating insight into the embryonic talents of the two dramatists who have become, arguably, our leading comic writers.



My Parents; 1977 by David Hockney

My Parents; 1977 by David Hockney. The work is a painting of a man and a woman sitting at a desk, looking at a book. The man is on the left, wearing a dark jacket, and the woman is on the right, wearing a light-colored top. They are in a room with a window in the background.

Orange Tree, Richmond Stoppard Plus by MICHAEL COVENEY

Stoppard's *La For Moon and Other Things* is a radio play dating from 1964, which, although it transfers not very well to the stage, shows signs of improvisatory verbal dexterity that has since become this author's trade mark. Millie (Eve Shickle) is almost exactly 42-years-old and stuck on the letter M in a Book of Knowledge: Mongolia, molluscs, Moravia, menopause. Life is so much more complicated since childhood when, according to a nursery picture book, M was only for moon. Her plaintive monologue is counterpointed by Alford's (Mark Kingdon) vicarious concern at the news on TV of Marilyn Monroe's suicide.

Covent Garden Romeo and Manon by CLEMENT CRISP

Wayne Eagling was seen as the hero of two MacMillan ballets at the week-end, as the Royal Ballet season closed; on Friday night he was Romeo to Wendy Ellis's first opera house partner, and the next afternoon he appeared in the title role of Jennifer Penney's *Manon*. I find Eagling's performances of great interest: they are supremely danced interpretations in which a constant pleasure can be found in his sophisticated treatment of the steps. Eagling seems to savour the dances with a choreographer's understanding rather than an interpreter's appreciation of their challenges. He shows an acute feeling for the stress of a phrase, how it lies with the music, and he relishes how a dancer of fine technical gifts may, by subtle variations in dynamics, by rubato, refresh choreography with his own remarkable skills. It is truly a pleasure to see him in the male role of the ballroom scene in *Romeo*, in des Grieux's role, for example, Eagling "gets inside" the dances to make their emotional and dynamic logic absolutely clear.

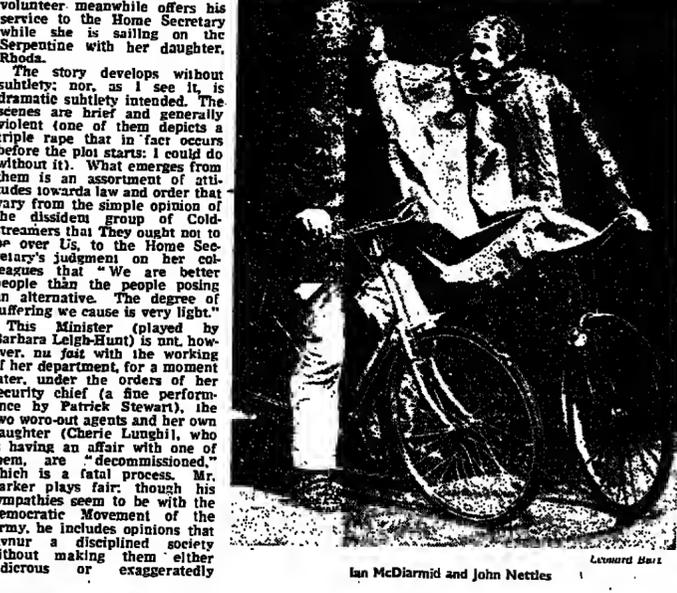
Cottesloe Metamorphosis by B. A. YOUNG

*Metamorphosis*, Steven Berkoff's adaptation of Kafka's story about the young commercial traveller who turns into a giant beetle, has been in the hands for some time now, but a Berkoff opus never stays quite the same. At the Round House in 1969, where I saw it before, *Metamorphosis* was half a double bill, now playing 100 minutes without an interval. All the evening, and I think I'll be more interested than before though this may be due to the closer communion one has in the Cottesloe than the Round House. Gregor Samsa (Peter J. McGinty) has only a short time to establish himself before retreating into the scaffolding that represents his room after that dreadful transformation. He and his family (Ray Father, sentimental mother, affectionate daughter), together with the chief clerk of his firm and the lodger who moves into the house, are played in an expressionist style, made; but as I see it, it is necessary that this horrid thing should happen in an ordinary workaday world. If the Samsa family's life is not naturalistic, then turning into a beetle is not much more likely than learning to play the violin.

'A Murder is Announced'

Peter Saunders will present *A Murder is Announced* by Agatha Christie, at the Vaudeville Theatre, London, from September 21, starring Dinah Sheridan, Dulcie Gray (as Miss Marple), Eleanor Summerfield, and James Groux. The play will be directed by Anthony Holland and lighting by Robert Bryn. Prior to the London premiere at the Vaudeville the play will be presented at the Theatre Royal, Brighton, for one week from August 29 and at the Richmond Theatre, Surrey, for two weeks commencing September 5.

Two agents in a Fascist Britain, one a volunteer hoping for excitement, the other a pawn black-mailed into the service as an alternative to a charge for rape. Both are murdered by other service agents when their value is exhausted. Howard Barker tells the tale in a series of little scenes that are not, at first easy to fit together, but which become more coherent as the climax approaches. What we then have turns out to be a kind of boys' adventure story that has undergone mutilation under the radiation of politics and the permissive era. The rapist is the first of the two that we see. He is being rowed anachronistically into the Western Approaches by the then age him department, who volunteer meanwhile offers his service to the Home Secretary while she is sailing on the Serpentine with her daughter. The story develops without subtlety; nor, as I see it, the dramatic subtlety intended. The scenes are brief and generally violent (one of them depicts a triple rape that in fact occurs before the plot starts; I could do without it). What emerges from them is an assortment of attitudes towards law and order that vary from the simple opinion of the dissident group of Coldstreamers that they ought not to be over us, to the Home Secretary's judgment on her colleagues that "We are better people than the people posing as alternatives. The degree of suffering we cause is very light."



Ian MacDiarmid and John Nettles

Albert Hall/Radio 3 The Raft of the Medusa by MAX LOPPERS

In December, 1968, Andrew Porter recounted in these columns the sensational events of the Hamburg premiere of the Hans Werner Henze's *Das Floss der Medusa*—notably the clash with students, and then the interruption by a British-br; 15 days later, only 14 men were found to have survived. This is the subject of Henze's famous painting, which, with the reports of the survivors, provides the source and the inspiration of the oratorio. Its themes—betrayal, violence and hideous suffering, revolutionary ideals forced out of agony among the survivors—are those set alight in Henze's music such as Henze's, with its fabulous descriptive powers, and a natural, if not a naturalistic, imagination. So the events aboard the raft are compressed to an image of struggle between Life and Death, which is rendered in physical terms: Madame to Mori, placed on the left side of the Quirk was in his noblest, most gravely touching voice as Jean-Charles; and the exquisitely pure and shining soprano of the chorists Bryn-Julson made of the chorists' enthusiasm something Charles, on the right. At the same time, the impace inspires of the rich resource of musical colour and of which the work depicts a more incisive, rhythmic scheme, at once simple and English could not be found.

ENO commission opera by Tom Eastwood

English National Opera has commissioned an opera from the Brazilian, which is subjected every ten years or so to a terrifying wood. The libretto will be by Penelope Gilliat. The opera is entitled *Beasts of Aurora*, is of the hanged very freely on a documentary classic of Brazilian literature, *Rebellion in the Canha*, and on the exploits of the handi-Lamoeio and his wife Maria Bonita. The setting is the Sertão, the turn for a free parádm.

Welsh National Opera 'package' weekends

Trust Houses Forte and Welsh National Opera are combining to promote operatic week-ends in the West Midlands. Following the establishment of its Birmingham base in the spring, WNO has taken advantage of its four seasons there to organise four package week-ends combining opera seats at the Hippodrome with accommodation at the Albany Hotel, two minutes away, for an all-inclusive price of £37.00. Besides full board, and the best seats in the house, the package also includes a full day sightseeing tour of the surrounding country on the Saturday.

The first week-end is Friday, September 23, and Saturday 24, when Bizet's *The Pearl Fishers* and Chaikovsky's *The Queen of Spades* can be seen. The week-end of December 16-17 offers Verdi's *I Masnadieri* (The Robbers) and Mozart's *The Marriage of Figaro*.

The Spring week-end (April 7-8 1978) offers *La Bohème* and Richard Strauss' *Elektra*. The Summer week-end (June 23-24) is a tribute to Benjamin Britten when *A Midsummer Night's Dream* and *Peter Grimes* will be offered.

Bookings for these week-ends can be made through Howard Lichtenman, WNO's Administration Manager (West Midlands) at the Birmingham Hippodrome, Hurst Street, Birmingham.

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J. W. Spear & Sons Ltd. (Manufacturers of Games and Educational Toys). The Chairman, Mr. J. R. SPEAR, reports on 1976. 1976 1975. Turnover £ 5,851,764 £ 4,890,478. Group profit before tax 2,389,555 2,009,720. Group profit after tax 1,239,910 935,480. after minority interest 1,171,061 903,716. Gross Dividend 103,121 94,685. TRADING RESULTS. They represent a new record and have risen in 11 out of the 12 last years. DIVIDENDS. The Directors would have proposed a considerably larger final had they been permitted to do so. EXPORTS amounted to £2,570,592 (£1,859,383). OUTLOOK. Since December 1976, costs have risen considerably, but increased orders and selling prices should lead to another satisfactory year. SPEAR'S GAMES

OVERSEAS NEWS

Libya puts out feelers for UN debate

By Kathleen Bishawi

TRIPOLI, July 31. LIBYA is considering raising the question of Egypt's aggression on its territory in the United Nations General Assembly. It has sent diplomatic notes to members of the UN Security Council and all members' Ambassadors, and a team of foreign affairs officials is believed to have left at the weekend for New York, foreign sources in Tripoli said today.

The probability of any Khedafi/Sadat summit now appears remote, particularly after President Sadat's remark on U.S. television to-night that it would benefit not only the Arab people but the whole world if Khedafi were thrown out. The two have not met for nearly two years.

Despite the week-end ceasefire broached by Arab negotiators, Libya is continuing to call up reserves and to build up forces at the border. During a week-end tour of the front, foreign journalists saw about 500 armed Egyptian soldiers and large numbers of lorries carrying troops to the Messad region, the scene of heavy fighting last week. A bus load of about 30 Russians was also observed.

The journalists were shown the effects of Egyptian bombing and strafing at the border town of Messad, where 200 houses and buildings were said to have been burnt or looted. But they saw only a burnt-out customs building, an ammunition dump and other Government establishments destroyed by shelling and burning, though many town houses had been spared.

The Libyans also claim that Tobruk was raided and bombed on two occasions but no further evidence to substantiate the claim has been produced. At the border, a long queue of departing Egyptians, loaded with cookers, refrigerators and air conditioners strapped to the roofs of their cars, waited patiently in the mid-day sun to leave. The queue said to be going on holiday in Cairo and planned to return to Libya.

W. German banker murdered

By Jonathan Carr

BONN, July 31. POLICE TO-DAY named four women wanted in connection with the murder on Saturday of Herr Jürgen Ponto, 53, head of West Germany's second biggest bank, Dresdner. The killing is being treated as a homicide on yet stronger measures to combat terrorist attack in this country.

Herr Ponto, who leaves a widow and two children, was shot and seriously injured to the head and chest at his home at Oberursel, near Frankfurt. He was taken to hospital but died soon afterwards. Police said he was shot after opening the door to Fraulein Susanne Albrecht, 26, the daughter of family friends of the Pontos. At least two others gained entry with her and seconds later shots rang out.

To-day police named three others also wanted on "urgent suspicion" of taking part in the murder: Silke Maier-Witt, 27, Sigrid Sterneck, 28, and Annelika Speitel, 23. No motive for the killing has been ascertained, although it is felt it may have been a kidnapping attempt which went wrong.

A spokesman for the Federal Criminal Office in Wiesbaden linked the case to the murder of the Federal Attorney-General, Herr Siegfried Rühbach, gunned down in a Karlsruhe street in April. This was the act of self-confessed anarchists who believe German society to be rotten and seek to overturn it by killing leading public figures.

Sadat hints at solution to PLO role in Geneva

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, July 31.

PRESIDENT SADAT of Egypt said today he is considering several "alternatives" to get round the problem of the representation of the Palestinian Liberation Organisation at any Geneva Middle East peace conference.

In an interview broadcast to-day on American television, Mr. Sadat decided to go into substantive details before his secretary with Mr. Vance, the U.S. Secretary of State, this week but he implied that some form of link between Jordan and the Palestinians should be determined before the Geneva Conference met.

He said that he still had some differences with Mr. Yasser Arafat, the head of the PLO, over the timing of such a link with Jordan, but not over the principle involved. The PLO, Mr. Sadat contended, was not now seeking "to throw Israel into the sea," and he said he was "astonished" when President Carter said at his Press conference last Thursday that this was still the case.

Over and over again, the Egyptian President stressed that if Israel genuinely wanted the Geneva conference to work out a successful peace settlement, then it could not ignore the Palestinian question. Both Israel and the Palestinians had to arrive at some form of "mutual" recognition of each other's rights.

Mr. Sadat went to some lengths to stress that he remained "optimistic" about the chances of a peace settlement. He did not attach special significance to the Israeli legalisation last week of settlements on the west bank of Jordan.

Michael Tingay adds from Alexandria: President Sadat has a larger stake in the success of Mr. Vance's initiative than his fellow Arab leaders. He desperately needs the convening of the Geneva conference to show that his moderate policy of pursuing a negotiated settlement is bearing fruit. This need has become more acute because of his uncertain domestic position.

Though putting on a brave face, Egyptian officials accept privately that Mr. Vance's mission may do no more than find out the latest positions of the different parties in the conflict—positions which may well be irreconcilable.

Mr. Sadat sees himself acting on behalf of the U.S. as an anti-Communist guardian in the region. Observers now believe that the real reason for the attack on Libya ten days ago was to knock out three Soviet-built airfields near the Egyptian and Sudanese borders.

But this will be small comfort if the Egyptian leader cannot demonstrate that his moderate policy and his dependence on the U.S. are paying off. A delayed Geneva conference could weaken his internal position; an ill-prepared, abortive conference could propel the participants towards another Middle East war.

Somalia alleges atrocities

BY OUR FOREIGN STAFF

FIERCER FIGHTING appeared to be continuing in south-eastern Ethiopia yesterday, with Somali guerrillas claiming to have killed thousands of Ethiopian troops and militia members. They also made allegations of Ethiopian atrocities against civilians in the area.

The Somali-backed guerrillas said they have killed many Ethiopian soldiers in a battle 25 miles north of the important railway town of Dire Dawa, which has not returned in reports for more than a week. The town lies on the fringe of the Somali-populated area which the guerrillas are fighting to unite with Somalia proper but is a place whose capture, along with that of the nearby garrison town of Harar, appears virtually essential to any forces trying to take the Ogaden Region from Ethiopia.

In a communique which conveys something of the intense animosity the Somalis hold for Ethiopia, the Western Somali Liberation Front said it fed the bodies of dead Ethiopian troops killed in the fighting to the vultures.

Somalia's State news agency claimed that Ethiopian troops had turned to killing women and children in the villages on which they are still holding. The soldiers, who are said to be fighting under duress, are reported to have killed more than 100 women, children and old men.

UPI from Nairobi said that the insurgents appeared to have effective control of 60 per cent. of the region. But they said that the Ethiopian forces, who have been reinforced by air with thousands of troops and militia, appeared to have consolidated their fall-back positions and could be preparing for a counter-offensive.

Ethiopia, which maintains that it is repelling a full-scale Somali invasion, claimed on Saturday to have killed 532 Somali soldiers both in the Ogaden and neighbouring Bale provinces in recent days. It also said it destroyed 41 tanks and shot down another Somali aircraft in fighting on Friday, bringing the total number of aircraft it claims to have shot down to ten.

Iran withdraws \$1.2bn. AWACS purchase offer

BY ROBERT GRAHAM

TEHRAN, July 31.

IRAN has withdrawn its letter of intent to purchase seven Airborne Warning and Control Systems (AWACS) worth \$1.2 billion from the U.S. according to local Press reports. The reports quote "informed sources" on such comment on defence matters is normally published only with the approval of the authorities.

The reports say Iran is unlikely to renew its purchase offer. Were a new offer to be made, it would be considered "on its merits," the leading English language daily, Kayhan, said.

This effective cancellation of the AWACS System coincides with moves in the U.S. Congress to block the deal on the ground that the sensitive electronic equipment might fall into hostile hands, providing a technological windfall. Iran is the only country outside Nato to have shown interest in the system.

The Iranians have clearly been stunned by the implication that sensitive technology should not be entrusted to them, which is not clear whether the decision to withdraw the letter of intent was carefully considered—based on a judgment that Iran can do without AWACS or perhaps find alternatives—or whether it reflects pique and a desire to prevent embarrassment should the sale be blocked.

Uneasy calm in Soweto

BY QUENTIN PEEL

JOHANNESBURG, July 31.

THE CONTINUING urban unrest in the Black townships of the Transvaal including Soweto is likely to figure high on the agenda of the South African Cabinet when it meets in Pretoria this week after a six-week recess.

While a head-on clash between police and residents in Soweto was averted today, after the banning of a mass meeting in the township, the situation there and in the townships outside Pretoria remained extremely volatile.

Portugal to repay farmers

BY OUR OWN CORRESPONDENT

LISBON, July 31.

THE PORTUGUESE Government is to pay Esc.100bn. (£1.53bn.) to compensate shareholders for large holdings of British and Spanish shares who lost their assets during a wave of nationalisation and expropriations in 1974/75.

The National Assembly passed a law providing for this on Saturday morning, despite opposition from the Christian Democrats and the Communists. The Social Democrats abstained.

Rearmament call in China

BY OUR OWN CORRESPONDENT

BEIJING, July 31.

The Chinese Defence Minister Mr. Ye Binying, in a major speech to a crowd of 10,000 at a rally yesterday celebrating the founding of the Peoples Liberation Army, called for immediate modernisation of China's defence with special reference to guided missiles and other nuclear weapons. Renter reports from Peking. Analysts say the speech is the strongest call in months for military modernisation, and further proof of the army's growing influence in the post-Mao leadership.

Carter blames public over energy wastage

BY OUR OWN CORRESPONDENT

WASHINGTON, July 31.

discuss what these might constitute. The President and other members of the Administration have not bothered to hide their discontent at the rise of energy consumption, particularly the increasing use of petrol by individual car owners. Last week the U.S. trade deficit reached record proportions in 500 million because of a jump of \$300m. in purchases of foreign oil in the month of June.

Several other authoritative agencies have publicly expressed doubts that the U.S. public is ready to curb its energy consumption to the extent envisaged in Mr. Carter's energy programme. Most recently, the General Accounting Office, in a general critique of the unlikelihood of attaining conservation targets, specifically said that the goal of cutting oil consumption by 1m. barrels per day by voluntary means was improbable.

A survey recently conducted by Cambridge Report, the polling organisation whose head, Mr. Patrick Caddell, is a confidant of the President, points to the apparent ambivalence in American public attitudes. The survey produces one surprising conclusion—the public is generally opposed to the specific proposals in the Carter energy package that would mean more out-of-pocket costs—such as the tax on gas guzzlers, an increase in the federal tax on petrol, and the decision to let domestic oil prices move up over time to world levels.

Venezuela's BP protein project is postponed

By Joseph Mann

CARACAS, July 31.

VENEZUELA'S Energy Minister, Sr. Valentin Hernandez, has said that British Petroleum refused to participate in the construction of a \$116m. bio-protein plant here since it did not want to "run the risks" involved in the project as stipulated by the Venezuelan Government. The Caracas daily El Nacional reported today.

News of a decision to "postpone" construction of the bio-protein plant in Puerto Inez was made public here yesterday in a news agency story dated lined London.

This was based on a Press statement made in London on Friday by BP, in which the company said that the Venezuelan Government had decided to defer construction of a complex to produce protein using BP technology. BP said that the decision had been expressed through the Venezuelan Investment Fund, adding that it had been taken "as a new step towards maintaining the viability of Venezuela's economic development with its high requirements for human, technical and financial resources."

The implication from this would seem to be that Venezuela had delayed the project in order to give priority to other more essential projects.

BP then went on to say that it had agreed with the Venezuelan Government to keep the project under review "so that it can be reactivated at a convenient moment whenever the Venezuelan Government considers it appropriate." And in the Venezuelan newspaper article Minister Hernandez was also quoted as saying that the postponement does not mean that talks on the project are at a dead end.

However, there does appear to be some disagreement over the reasons for the postponement of the project. A spokesman for BP in London today agreed to restate the company's earlier statement attributing the decision to the Venezuelians. But the newspaper article here implies that BP, which has had a 20 per cent. stake in the private company—Biotropinas de Venezuela—which was to have undertaken the project and had undertaken to provide the technology, wanted to change this arrangement. BP, the article claims, offered instead to supply a long term loan for construction of the plant and to sell the technology. But in the end, the article goes on, BP decided not to go ahead with the deal.

For some time now BP and the Venezuelan Government have been negotiating the construction of the plant, which would employ bacteria to convert petroleum into a protein base for animal food. The Venezuelan Government was to have a controlling interest (60 per cent.) in the project and local private investors 20 per cent.

Hong Kong and U.S. sign textile restraint pact

BY PHILIP BOWRING

HONG KONG, Ju

HONG KONG announced details of its new bilateral textile restraint pact with the U.S. The agreement is regarded as very important, not just to Hong Kong, because it is expected to set the tone for a whole series of similar arrangements between the U.S. and major exporting countries. Having just concluded the Hong Kong deal, the U.S. is now negotiating with South Korea and other countries will follow after that.

The agreement with Hong Kong is also regarded as important in view of the continuing uncertainty over the future of the international Multi-Fibre Arrangement (MFA). The Hong Kong on a new restraint agreement within the existing terms of the MFA, which has been committed to seeing renewed unchanged.

The HK/U.S. agreement will also be closely watched by the EEC, which begins its own bilateral negotiations with Hong Kong on a new restraint agreement in two months time.

Hong Kong for one would probably feel happy if it could get from the EEC an equivalent agreement to that with the U.S. though given prevailing protectionist sentiment in Europe and the divisions within the EEC, this seems unlikely. In fact, the U.S. agreement is regarded here as about the best that could be managed in the very difficult circumstances that exist.

The pact which is expected to be formally signed next week will run for five years from January next, with provision for a major review before the end of the third year. It was reached only after long and difficult negotiations.

In essence it allows for the overall growth of 1.5 per cent. in Hong Kong textile shipments to the U.S. in 1978 to the equivalent of 937m. square yards. For the succeeding years, the allowed growth will be 6 per cent. This compares with the 6.5 per cent. per annum growth permitted under the existing agreement which was to have expired at the end of September but has been extended to the end of this year.

However, overall growth rates are only the roughest of guides to the situation. Actual growth is likely to be substantially less as quota growth rates vary from category to category, with the higher rates tending to be in those areas where Hong Kong is less competitive. On the other hand, woollen textiles are restricted to a 1 per cent. growth and certain "highly sensitive" garment categories are subject to below-average growth.

While Hong Kong has had to give a lot of ground in growth limits as compared with the existing pact, it has scored some gains in respect of certain highly technical but important areas such as "swing" between certain categories. Carry-over and carry-forward provisions have not been markedly changed, so a certain flexibility which is one of the main strengths of the MFA—still exists.

For the exporting countries, such minutiae can be as important as overall growth. That overall quotas are never, even in years of completely full employment, completely fulfilled is an example. Hong Kong's U.S. quota for the year September is unlikely to reach the 75-80 per cent. range Europe's figure will be lower.

Canada's Department of National Revenue Cist Excise has ruled that leather and simulated leathers from South Hong Kong and Taiwan dumped on the Canadian market will be held by the Anti-dumping Tribunal to determine whether the harm caused or is likely to be caused by the material injury to Canadian producers.

As previously reported, U.S. Steel has a federal advisor to hold an inquiry into impact on Canadian producers of imported handbags, mostly of textile material.

Court moves please EEC

BY DAVID BUCHAN

BRUSSELS,

THE EEC Commission has expressed "cautious satisfaction" that two developments in U.S. courts have at least postponed the prospect of a U.S.-EEC confrontation on trade policy.

Of primary importance to the EEC is the law suit brought by U.S. Steel alleging that EEC rebates of value-added tax on steel exports are contrary to U.S. law and should be removed in the form of a tax in the U.S. Last Thursday, U.S. Steel was for the third successive time denied its request to the U.S. Court for a summary judgment. EEC exports of rolled steel to the U.S. amount to about \$1bn. a year and exports to the U.S. Administration—which would have to take retaliatory action if the U.S. Steel view were to prevail.

Boj Brussels is also watching steel exports closely the parallel case by an American company alleging that rebate domestic turnover tax on exports of TV sets. EEC officials say that such a case precedes their pleasure that their favourable verdict in U.S. Customs Court of last week by the U.S. and Patent Appeal Court. Zenith has said it is the case to the U.S. Court. But the view of officials is that the final resolution of the case will be in the hands of the Administration—which would have to try and ward off Japan and the EEC's direct threat to their spreading well beyond.

World Economic Indicators

Table with columns for Country, Unemployment, and various economic indicators for different years (July 77, May 77, July 76, etc.).

EEC chemical

By Christopher Dunn THE CHEMICAL industry is a major role in the EEC. It is responsible for spending on research and development must be maintained. This was stated in a report by the European Council of Ministers...

WORLD SHIPPING

Cross channel freight boom

BY ROY ROGERS

CROSS CHANNEL trade through Belgium railways—and Normandy Ferries (P & O Group) as well as British Rail Hovercraft. It is the freight side which is seen as the area of greatest potential expansion and the introduction by Townsend Thoresen of two purpose-built freight ferries—the Dover-Calais and Dover-Zeebrugge routes—is seen as one of the most significant recent developments.

plenty of space but a harbour which is too small to allow more than one vessel to enter or leave at any given time. The Calais Chambre de Commerce, which runs the port, has already set in train a \$2m. scheme to provide extra space, a new freight and passenger terminal and a fourth ro-ro berth. A further \$2m. scheme to resite the port's eastern jetty so as to double the area of the approach channel and enable two ships to enter or leave simultaneously is also under way.

Subsidiary Government approval—the French Government is being asked to provide up to half of the cost of this second stage—work on the new jetty could start in 1978. It is envisaged that the port will be operating from Felix's wharf by the opening of the A26 motorway link to Calais with Dijon.

For some time now Calais has been France's main passenger port and last year 400,000 cars and 3m. passengers passed through the port. But those figures show little improvement on earlier years and it is the freight traffic, started only two years ago, that is the growth area. Last year freight levels rose 16 per cent to a record 210,000 tons.

Rise in Maputo port dues annoys S. Africans

BY BERNARD SIMON

JOHANNESBURG, July 31.

AN INCREASE of 25 per cent. in harbour dues from July 1 at Maputo, Mozambique's chief port, has provoked angry complaints from South African exporters and importers. The South African authorities' attempts, for political reasons, to keep as much traffic as possible from the Republic flowing through Maputo, at least one big shipper is now considering diverting some of his exports to South Africa ports.

Some charges have more than doubled. For instance, crane hire has been boosted from Esc.174 (£3) per hour for ordinary time to Esc.228 (£4) for overtime to a flat rate of Esc.400 (£71) per hour. Labour charges are up by 10-15 per cent.

However, the increases are the first in more than three years and Maputo's harbour dues are still generally lower than those at any South African port.

Substantial quantities of South African exports—mainly chrome, coal, citrus, fruit and steel—continue to be routed through Maputo. South African Railways reports that in the past two weeks it has cleared an average of 14,800 tons daily through the port for Maputo. Though this is well down on the 21,000-ton average achieved a year ago, the figure has stabilised over the past eight months or so.

Australian rates up 9%

BY BERNARD SIMON

JOHANNESBURG, July 31.

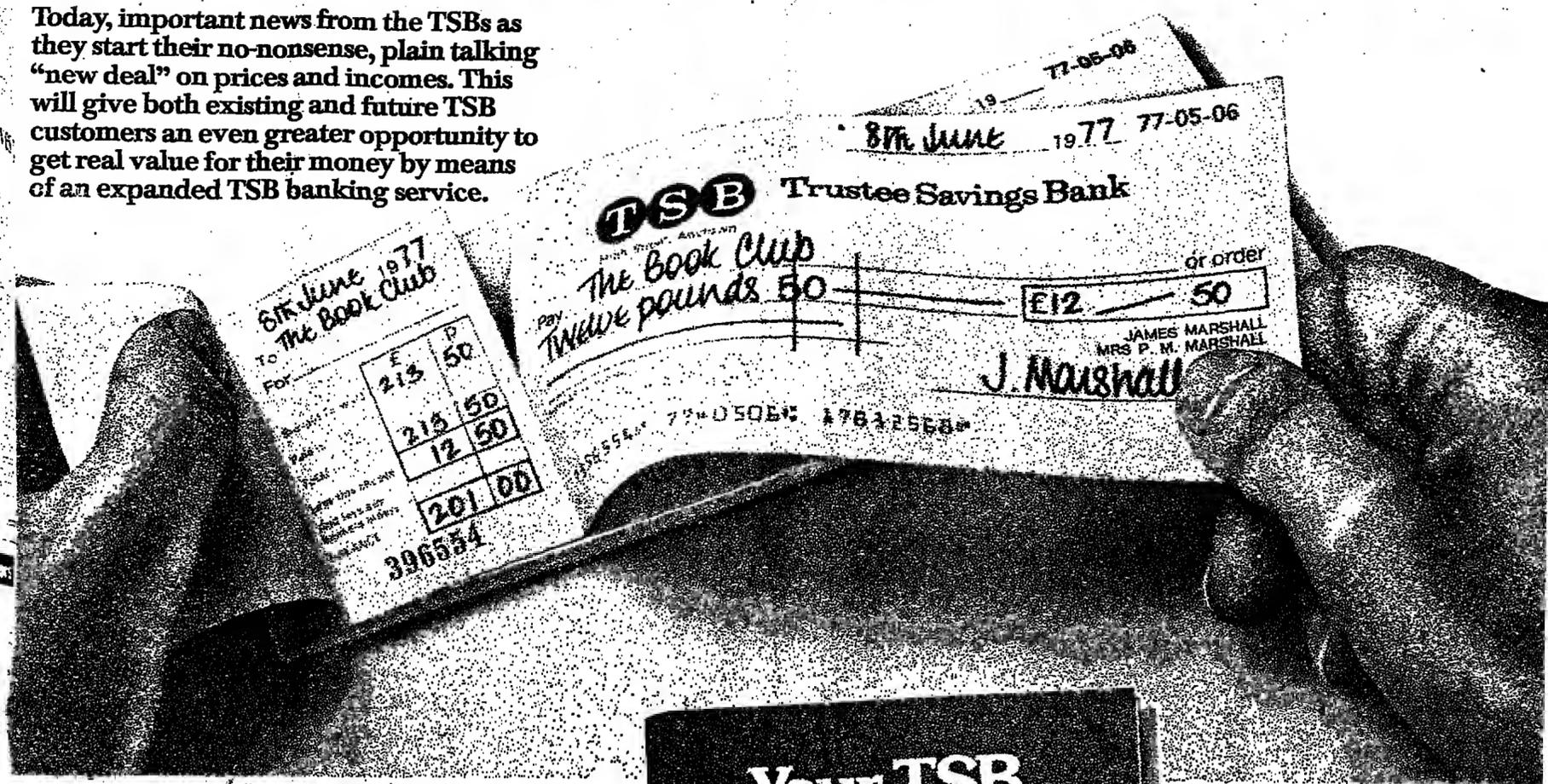
SHIPPING FREIGHT rates between Australia, Britain and Europe will rise by 9 per cent. by October 1, according to the Australian Shippers' Council and the Australia to Europe Shipping Conference announced. The freight rates, which are reviewed every year, apply to 11 shipping lines which carry in excess of 800,000 metric tons of cargo to Europe a year. AP-DJ reports. The increases apply to all sea cargo except apples, pears, wool and closewoven cargoes (metals and minerals).

Most of the Australia to Europe freight consists of hides, refrigerated beef, dairy products, canned and dried fruits and manufactured goods.

Our New Delhi Correspondent writes: A congestion surcharge appears inevitable at Bombay Port where the number of vessels seeking berthing is now over 50 and some are seeking to unload cargo at other Indian ports. Unless steps to tackle the growing congestion are taken, it is expected that the number of ships kept waiting will be around 15 every day. Karbonn has threatened to levy the congestion charge will be carried. Talks on ways to ease the congestion problem last week between representatives of the Conference and Port Authority. There is no sign that the increase will be reached. Use of the navy to move movement of ships. Meanwhile the West India Conference—whose decision on freight rates from August deferred the rise to following a stormy meeting in the Western India Federation. Further costs and revenue undertaken.

# Straight talk on prices and incomes

Today, important news from the TSBs as they start their no-nonsense, plain talking "new deal" on prices and incomes. This will give both existing and future TSB customers an even greater opportunity to get real value for their money by means of an expanded TSB banking service.



## Prices Talk

**Cheque Account Charges**  
At a time when prices are rising everywhere, the TSBs are freezing charges on cheque accounts. All customers will know that the minimum balance of £50 maintained on a cheque account during a 6-month charging period is that no charge will be levied at all. But if your balance falls below this figure, our 2½p\* for each cheque, standing order or direct debit payment is excellent value. And we guarantee that it will stay at this low level at least until 20th May 1978. From the beginning of August we are also raising the amount levied by the TSB cheque to £50.

**Current Accounts**  
Like every major organisation in today, the TSB has

fought long and hard against increased costs. For some time we have successfully held down charges on all savings accounts for payment of standing orders and direct debits.

Now we are forced to raise these charges for the regular payment of bills to 20p each. But that's as far as they will go up, at least until next May.

If you do have these regular payments, talk to your branch manager right away about opening a cheque account. That way they will only cost you 2½p\* each, or nothing at all if you have been able to keep £50 in your cheque account as described above.

But a TSB Savings Account will still offer deposits and withdrawals at absolutely no cost to you. And there is a handy 4% per annum interest rate too!

Everything you would expect from a high street bank.

Many people still think of a savings bank. Certainly the TSBs began this way but mainly that's one of the reasons why today there are over 100 branches throughout the country.

Now the TSBs offer every facility you would expect from one of Britain's leading banking groups. Full details of all our services are available from your local Trustee Savings Bank.

### Your TSB Personal Loan

**TSB**

## Incomes Talk

**New Personal Loans Policy**  
If you have held a TSB bank account for one full year, you can now start talking to your branch manager about that much-needed loan.

Provided you are known to us as someone who runs his or her money affairs wisely, there is no reason why it shouldn't be considered. And the repayment terms are helpfully tailored to the individual account holder.

Loans are available for many purposes, such as motor cars, home improvements, holidays, or even that hi-fi you have always dreamed of. Ask for our leaflet "Your TSB Personal Loan," which contains full details of repayments and interest rates charges.

**Temporary Credit**  
For those financial emergencies, you can discuss the possibility of temporary facilities with your branch manager.

**Bridging Loans and Other Facilities**  
The TSB may now be able to offer a bridging loan or help with other special credit requirements.

# TSB

**"It's the one for me"**

\*Cheque account interest is calculated on a monthly basis as from the 21st and added to accounts annually on the 20th November. (Introduction date for bridging facilities may vary.)

\*Charges vary in Northern Ireland.

# Building and Civil Engineering

## Mowlem wins £10½m. contracts

THREE CONTRACTS in Abu Dhabi totalling £10.5m. have been awarded to Mowlem. Work will be carried out by Al Quebeisi-Mowlem, the company's Abu Dhabi associate.

The largest contract is from the Presidential Court of Abu Dhabi, and is for a 206-bedroomed hotel at Jebel Dhanna. The Mowlem system of an in-situ poured monolithic concrete shell will be used. Work starts soon for completion in November 1978. Michael Rayner and Partners are the architects.

The second contract worth £2m. is for a 14-storey office building for the Abu Dhabi National Insurance Company in Abu Dhabi city. The reinforced concrete frame building will be clad with curtain walling and the contract involves all associated ancillary works.

Architects and planning consultants are Weisbman, Bullen, Riyad Al-Tajer and Partners. Work is already under way on the third contract which is for an underwater fresh water pipeline from Jebel Dhanna to a reservoir on the island of Bani Yas, 160 miles north-west of Abu Dhabi. The pipeline will replace

a tanker ship which daily carries desalinated water to the island.

This £1.5m. contract for the Presidential Court involves the laying of 11 kilometres of 240mm. plastic pipeline, 10 kilometres of which is to be laid on the sea bed. Al Quebeisi-Mowlem is responsible for the overall design and construction of the pipeline which is fabricated onshore and laid in half-kilometre lengths with the aid of pontoons and associated marine craft.

Pipeline supplier is Plastic Construction Group, Birmingham.

## Wide spread of work for Cementation

WORK IS due to start next month on the £50m. Warsaw City air terminal for which Cementation International (Trafalgar House Group) is the main contractor.

When completed, the terminal will be one of eastern Europe's tallest buildings and will act as new headquarters for Lot Polish Airlines. Cementation is responsible for the design, construction and equipping of the terminal.

Authors of the concept are Warcent of Warsaw and Cementation's design team includes architects Szmigielski-Katten in association with Raglan-Squire and Partners of London. Mechanical and structural design is by T. H. Engineering Services.

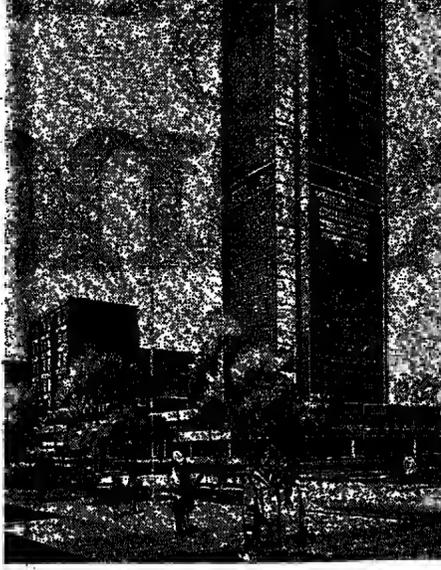
Meanwhile, another Trafalgar House company, Cementation Construction is to start work in the next two or three weeks on a £2.9m. contract designed to improve part of London's Western Avenue on the A40 London to Finsbury trunk road at its junction with the A417 Greenford Road.

The works, which are scheduled to be completed in two years, are for the Greater London Council acting as agent for the Department of Transport.

Cementation is to construct an east-west dual three lane flyover with ramped approaches—to carry the A40 trunk road traffic over the Greenford Road roundabout.

A sunken pedestrian concourse is to be constructed at this roundabout and four out of a total of five subways will be connected to the concourse. The works will include reconstruction, widening and improvement of the existing carriageways and footpaths, associated ancillary works, drainage and lighting.

Additionally, as part of the overall £200m. rapid transport system being undertaken by Calcutta's Metropolitan Trans-



Artist's impression of the £50m. Warsaw air terminal. Cementation International (Trafalgar House Group) expects to start work in September.

port Authority, the India branch of Cementation has been awarded a contract worth £700,000.

The scheme part of India's growing economic programme, is designed to lighten Calcutta's heavy traffic flows and Cementation is to construct two adjacent diaphragm walls which will be the largest ever built by the Indian branch ever completed in 18 months time.

Trains in Calcutta are destined to run mostly underground in the future and Cementation's involvement forms part of the total transit system between Dum Dum to the north and

Tollygunge to the south. The diaphragm walls are to be constructed along a busy road and will be 600 mm thick and 18 metres deep from road level.

Each wall is to be 600 metres long and the total area to be concreted is 18,500 square metres. Other contractors are to excavate between the walls, brace them and construct a reinforced concrete box section for the underground railway system. Cementation's contract value does not include the cement and steel which is to be provided by the transport

## Big pipeline jobs

METROTECT IS to supply coal plans for the Trans-Siberian gas tar enamel and primer for the corrosion protection of the steel pipeline to be laid for the Nigerian Ministry of Petroleum Resources by the Russian group Tavmetpromexport.

The contract is worth \$US1.2m. to the U.K. company, member of the Anglo American Asphalt Group and is of vital consequence for the pipeline project which is the keystone of the plan to provide petroleum products to major cities in Nigeria.

This is the second such contract to Metrotect for the Nigerian project, bringing the total to date to over \$1.8m. Shipments from Tonbridge (Kent) and Cleckheaton (Yorkshire) have already begun.

Meanwhile, in Russia itself,

plans for the Trans-Siberian gas pipeline project are rapidly taking shape.

The important contract for the supply of the no-break standby power systems which will go into six pumping stations (unmanned) along the route of the line has gone to Chloride Transpack at a value of £381,000.

If conventional power fails at any station, the standby unit will switch to quickly enough to keep the local control and safety instrumentation going for four hours on storage batteries.

The U.K. company claims to be the largest static power conversion company in the U.K. and is thought to have won this Russian contract—largely for the particular area of technology—because of the work Chloride has done for the Iran gas pipeline.

## £2m. awards to Higgs and Hill

THREE CONTRACTS valued together at nearly £2m. have been awarded to Higgs and Hill North.

The largest is a £1.6m. project for the Littlewoods Organisation in Oldham and involves alterations and an extension to the Littlewoods chain store in Market Place.

The other contracts are from J. Hepworth and Sons for the construction of a two-storey, steel-framed building at Humberstone Gate, Leicester (£161,000) and from Calder Components for factory and office extensions at Coile, Lancs. (£129,000).

## More work for John Laing

WORK ON a \$522,000 computer centre in Kingswood, Surrey, for the Legal and General Assurance Society has just been started by John Laing. The new centre will have a single-storey steel-framed superstructure containing a computer room with a reinforced concrete basement housing the air-conditioning plant. Completion is expected in 12 months.

The new building, windowless for security reasons, will have a gross floor area of 12,912 square feet (1,200 sq m) plus of which will result from conversion of existing office accommodation. It will be clad in vitreous enamel-finished steel panels. The ground floor computer room itself will have a floor area of 4,000 square feet (376.5 sq m).

The centre has been designed

by Whinney Son and Austin Hall. Consulting engineers are Bylander Waudell Partnership (structural) and Tilney Simmons and Partners (mechanical and electrical). Quantity surveyors are Watkins Pool Partnership.

The city of Coventry has awarded the Midlands Region of John Laing Construction a £322,500 contract to build a two-storey teaching building in Gosford Street, next to an earlier Laing-built development to which it will be linked. This will be the eighth building in the redevelopment of Lancheater Polytechnic.

The new building will house the departments of electronic engineering and systems and controls which it is completed, in

October next year. It will be constructed in situ reinforced concrete columns and floors on foundation bases, with brickwork and curtain wall cladding, and felt roofing on steel decking supported by structural steel beams on an in situ reinforced concrete ring beam system.

The General Building Branch of John Laing is to build 72 houses on two private developments in Buckinghamshire and Sussex for Laing Homes.

Work is now starting on 32 terraced and semi-detached houses on a two-acre site at the Leas, Iwer, Bucks, while at Crabbett Park, Crawley, Sussex, work on a ten-month project for 40 houses will get under way in October.

# Technical Page

### ENERGY

## Salt water takes more solar heat

WITH THE vast amount of ingenuity applied to making the best use of the non-polluting power of the sun and the wind all over the world, it seems likely that in the not too distant future, such significant advances will be made that only those who cannot abide the use they are grinding will continue to stand out against heavily funded national development programmes for the use of natural resources.

The latest move in harnessing sun power has been made in Israel. There, a great deal of use has already been made of solar panels, some in a very rudimentary form, but effective nonetheless because of the enormous amount of sunlight that arid country receives in the course of the year.

However, seeking something more effective, Israeli research groups have come up with a development which could be of great immediate significance in all Mediterranean climate countries.

Basing their work on the observation that sunlight will heat the bottom of a shallow pool to temperatures well above

what could be expected they have sought to retain as much heat as possible before it can be re-radiated by increasing the content of the water in mineral salts. It is known that—in the Dead Sea for instance—heavier salts in the shallows tend to get hotter and hotter and in fact come close to boiling point.

This observation has been applied to one-metre deep ponds from which the lowest layers with their heavy salt concentrations have been extracted for the heat they contain, and subsequently returned to the ponds, to repeat the cycle.

It is estimated that in Israel conditions, which are similar to those prevailing over large areas of the southern United States, 10,000 square metres of pond surface will support 10m. kilocal of thermal output, either in the form of hot water, or in the form of air conditioning for large buildings like hotels.

It is the hotel application that the Israelis are exploiting at the moment.

More information on the method from the Tourist Ministry, attention M. Gidron, Jerusalem, Israel.

### SERVICES

## Drydock for dredgers

SERVICING OF dredging equipment all over the world is to be carried out by a specialist vessel which has cost its owners—Stevin Group—some £1.1m.

The vessel is a floating drydock combined with a workshop. It has just been launched and it can transport the largest cutting suction dredger in the Stevin fleet as well as provide on-ice-

spot repair services, cutting downtime to a minimum, and eliminating the necessity of keeping separate, expensive workshops extant at each project site.

Build at Da Jong's yard in the Netherlands, it has a 15-ton gantry crane with a span of 14 metres which may be replaced with a much larger unit later.

### QUARRYING

## Will help to break it up

A HYDRAULIC rock breaker just produced by Frown and Fawcett is reckoned to offer a work output equal to that of a 100-hp breaker. It is powered by four 2-hp air compressors 16 breakers.

The breaker has been designed for the small back-hoe type of excavator having an hydraulic pump output of between nine

and 15 gallons per minute and whose total weight is under eight tons.

Weighing 272 lb (128 kg) the breaker has a striking rate of 400 blows per minute at 500 lb/ft<sup>2</sup> per blow. More details are available from the supplier at (William Street, Denon, Manchester M34 5SW (061-335 7511).

### ELECTRONICS

## Monolithic regulator

AVAILABLE from Motorola is a linear integrated circuit chip containing a field-effect transistor which constitutes a stable 2.5 volt reference voltage source exhibiting minimum temperature drift.

There are four circuits with different operating temperatures and drifts but they will all provide the 2.5 V reference to 1 per cent with the input voltage anywhere in the range 4.75 to 40 volts.

Parts MC1503A and 1403A have maximum temperature coefficients of 25 ppm/deg C of output voltage. Temperature ranges are -55 to 125 and 0 to 70 deg C respectively. Without the "A" suffix these parts number denote devices with a slightly greater temperature drift. Laser-trimmed resistive networks are used to yield the good tolerances.

Quiescent current is only 1.2 mA and the load regulation is 30 microns when the current taken varies from one to 11 mA. More on 01-902 8336.

### DATA PROCESSING

## Solving the designers' problems

AROUND 200 office plot design calculations are being performed by computer every week for ISA Controls of Shildon, County Durham, at a saving over methods previously applied—slide-rule or calculator—of some 50 per cent in costs.

Atkins Computing Service of Epsom wrote two sets of programs for the work in Imperial end metric—with allowances for working to different engineering standards, according to client.

Liquids, vapours and gases are catered for with different types of plates and various materials of construction.

More from Atkins on Epsom (04327) 40421.

At the Wolfson Cambridge Industrial Unit progress has been made in producing sets of data for manufacture which give smooth curves. Errors arise from various sources and are not easy to detect from data presented in tabular form.

A team at the Unit has overcome the problem by applying computer techniques to fitting a spline curve through the master points of the shape in question. A spline curve is one formed by paving a springy wire through eyes located on guide points.

One application has been the production of a trouble-free manifold for the well-known brass instrument makers Bossey and Hawkes.

### SOFTWARE

## Holds down the cost of operations

WHILE THE basic cost of a great deal of computer equipment has been dropping quickly over the past few years, the cost of software for most installations has been rising very fast. To meet this development, Olivetti has invented Opal. This is a master programme which permits the user to quickly tune to their own requirements.

Its Management Account Processor incorporates all the accounting routines that might be needed for the production of management accounts. At a new installation, a potential user produces a chart detailing the particular routines required. Answering a series of questions posed by the machine, the user sets up a series of parameters which determine those parts of the master programme he requires to use. That completes his application programme work.

### INSTRUMENTS

## Logger for problem environment

THERE HAS been, for some time, a need for data loggers able to handle inputs at very low levels of power while being in a noisy environment with high electrical interference (noise) and in which high voltage input from other sources is a fact of life.

Datron Electronics is a newcomer to the data logger field and has opted for this particular area with its first product, the 1200 Series, which owes a great deal to the company's existing range of digital voltmeters.

Datron's new products can handle 100 channels with signals ranging from as little as one microvolt to 230 volts and will also withstand, without damage, accidental overloads of as much as 1,000 volts.

The rate and sequence in which the data is collected is controlled by a presettable timer and a clock gives a crystal-controlled real time check.

A 16-channel, two-colour printer provides a print-out, or the information can be recorded on tape for computer analysis. When required, the logger can be connected to any calculator which will work on the IEC bus interface.

Overall systems accuracy of 0.08 per cent, for six months without recalibration is claimed and a two-year warranty is offered.

More from the Unit on 0223 64568.

### For men on the move

MINIATURE and portable, a terminal designed for reporters and sports writers and equipped for text editing has its own compact display.

It weighs 22 kilos and is 28 cm high and will allow a writer to compose, edit and transmit over telephone lines to a central typesetting machine.

The unit has a 8,000 byte memory equivalent to 1,000 words to allow the user to correct and rephrase before deciding to feed in the finished story. If required, the unit can display the text as held in the main computer.

Four such terminals can be connected into a single electrical line controller.

Informor Inc., 1, Norsey Close, Amersham, Bucks, HP1 9AS. 02940 4112.

### Private housing venture

PLANNING approval to start the £1.5m. first phase of a big private residential development in Yorkshire has been obtained by FPA Stealey.

The site of the project, known as Swallownest, covers about 30 acres of former farmland at the Rotherham-Sheffield boundary and it is planned that the first houses will be completed and ready for occupation early next year. The entire project of about

### In brief

● Lesser Building Systems (Export) has been given an order worth £120,000 by Capper Neill International for the supply of overseas accommodation units in the Sudan. Lesser is also to supply an office complex, using its PB4 Building System, to the Thames Water Authority at Reading.

● Aker (French Rier Group) has been awarded a £450,000 contract for an extension to the sewage treatment works at Kidwelly in the County of Dyfed.

● The first phase of the project will consist of 116 dwellings including traditionally built semi-detached and terraced houses and bungalows. Prices will range from about £9,500 for the smaller terraced houses to about £16,000 for the larger detached dwellings.

● The new machines at the top of the company's business group are the A750, A755 and A760, running from £10,000 up to £17,000 at which level the user gets a 10Mbyte replaceable disc for high volume transactions or large files.

● Olivetti believes that users will make savings in software costs of the order of 90 per cent, on average—on the A755 and A760 versions. For the A5 and A6 carries no charge, while for the larger A7 disc-based version, a fixed charge of £1,000 is made.

● Pulverised fuel ash (PFA), may be transformed by a process evolved by the Ceramics Centre at Harwell, working with CCEB—which has a vast and never-ending ash problem—into a solid composed of microscopic glassy spheres. Cerolite, as the material has been called, is light yet robust and can be

● In addition to these protective qualities, the material—as could be expected—also shows excellent thermal insulation properties.

● Ceramics Centre says negotiations are under way with a U.K. company for a licence to make and market. More concerning this product from Building 329, Harwell, Oxfordshire, OX11 0RA. Tel: Abingdon (0235) 24141.

● Latest in the Ortholox range of instruments from Brookdeal Electronics, the SC 9505, can analyse signals in a number of ways, in some cases in the presence of noise of a high level.

● The instrument can be used as a spectrum or vibration analyser, for the overall audio frequency band with an input dynamic range up to 160 dB. It can also be used as an automatic vector voltmeter with cartesian as well as polar co-ordinate outputs and very good noise immunity. In addition, the SC 9505 can be employed as a narrow bandwidth AC micro-voltmeter and as a noise analyser.

● For the first time, it is thought, various competing types of point-of-sale equipment will be put through their paces in public (the forthcoming Equip'Mag Shop Equipment and Supplies Exhibition, in Paris at the Parc des Expositions from November 6 to 11).

● Up to 40,000 trade visitors are expected and some 400 companies will be exhibiting on over 16,000 square metres of stand space.

### EXHIBITIONS & CONFERENCES

## Automation in shops

The French Institute for Self-Service will be organising information meetings on the applications and problems of point-of-sale units.

More from French Trade Exhibitions on 01-295 3234.

### Trade mark seminar

INDUSTRIALISTS who have the problem of launching new products or protecting existing ones but do not themselves know much about the law and practice will be interested in a one-day seminar at the University of Edinburgh on September 25. Organised by the Centre for Industrial Collaboration and Liaison there with the co-opera-

## Jobs worth £5.6m. for Shanley

CONTRACTS worth £5.6m. have been awarded to the Shanley Contracting Group. Three contracts totalling more than £4.7m. have been awarded by the London-Borough of Southwark to Shanley Contracting (Southern) and an £857,000 contract awarded by the London-Borough of Wallington to the headquarters company, Shanley Contracting of Luton.

Largest of the Southwark contracts, for over £3.4m., is for the construction of 221 houses and flats of 17 different types in 11 blocks of brick construction on the Pomeroy Street site.

The other two contracts are known as Consort "A" and "B." The former, valued at £528,000, is for the construction of 44 flats while Consort "B," valued at £735,826 is for the construction of 45 flats and maisonettes in four three-storey blocks set around a courtyard.

Both sites are in Goodman Road, Southwark, and all three of the Southwark projects will be serviced by a district heating system.

The Wallington contract for £857,000 calls for the construction of 79 flats and maisonettes in three and four-storey blocks of traditional construction with Mansard roof.

Tollygunge to the south. The diaphragm walls are to be constructed along a busy road and will be 600 mm thick and 18 metres deep from road level.

Each wall is to be 600 metres long and the total area to be concreted is 18,500 square metres.

Other contractors are to excavate between the walls, brace them and construct a reinforced concrete box section for the underground railway system. Cementation's contract value does not include the cement and steel which is to be provided by the transport

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● The first phase of the project will consist of 116 dwellings including traditionally built semi-detached and terraced houses and bungalows. Prices will range from about £9,500 for the smaller terraced houses to about £16,000 for the larger detached dwellings.

● In addition to these protective qualities, the material—as could be expected—also shows excellent thermal insulation properties.

● Ceramics Centre says negotiations are under way with a U.K. company for a licence to make and market. More concerning this product from Building 329, Harwell, Oxfordshire, OX11 0RA. Tel: Abingdon (0235) 24141.

● Latest in the Ortholox range of instruments from Brookdeal Electronics, the SC 9505, can analyse signals in a number of ways, in some cases in the presence of noise of a high level.

● The instrument can be used as a spectrum or vibration analyser, for the overall audio frequency band with an input dynamic range up to 160 dB. It can also be used as an automatic vector voltmeter with cartesian as well as polar co-ordinate outputs and very good noise immunity. In addition, the SC 9505 can be employed as a narrow bandwidth AC micro-voltmeter and as a noise analyser.

● For the first time, it is thought, various competing types of point-of-sale equipment will be put through their paces in public (the forthcoming Equip'Mag Shop Equipment and Supplies Exhibition, in Paris at the Parc des Expositions from November 6 to 11).

● Up to 40,000 trade visitors are expected and some 400 companies will be exhibiting on over 16,000 square metres of stand space.

### EXHIBITIONS & CONFERENCES

## Automation in shops

The French Institute for Self-Service will be organising information meetings on the applications and problems of point-of-sale units.

More from French Trade Exhibitions on 01-295 3234.

### Trade mark seminar

INDUSTRIALISTS who have the problem of launching new products or protecting existing ones but do not themselves know much about the law and practice will be interested in a one-day seminar at the University of Edinburgh on September 25. Organised by the Centre for Industrial Collaboration and Liaison there with the co-opera-

the shows of industry  
**CRENDON**  
precast concrete structures  
CRENDON CONCRETE CO LTD  
Frame Rd., Long Crendon  
Aylesbury, Bucks HP18 9BB  
Tel Long Crendon 208491

## All services at the head of the bed

NURSES AND patients hospitals benefit considerably from the modern servo systems which provide a supply of oxygen—all at the head of the bed.

Now, another system has hit the market and apart from the claim that it provides facilities that were available before it is being emphasised that it costs less to install, remove and replace. It is the Lifeline 770 and is supplied in its form and will not only be serviced by a district heating system, but also radio and power supply, telephone links with computers.

The system has been developed by the Systems Group, Wombourne, Wolverhampton (Wombourne 5551).

## Cubitts on Merseyside

THE Cubitts of Liverpool at its former head office premises, also in the centre of Liverpool.

Across the Mersey, Cubitts is to build 161 housing units in the Wirral. The project is a joint venture with the Wirral Council and is worth jointly £1.8m. The project involves traditional construction of 83 dwellings at Birkenhead and 78 units at Seacombe. Contracts include roads, external works, Cubitts is to start work on these projects with completions due in September of next year.

## £1½m. Shell laboratory

WORK IS well under way on a £1.5m. contract for a three-storey steel-framed building for Shell Research at Sittingbourne, Kent. Epps Construction of Ashford is undertaking the contract which is due for completion in October next year.

## Increasing activities

BECAUSE the volume of overseas work has increased and the company has increased its staff of 2,000, the firm has set up an overseas partnership with a management centre in Amsterdam.

The new organisation will be known as Halgro Internat Partnership and will have partners, 16 of whom are London firms. Apart from the existing overseas partners and partnerships, the firm will undertake assignments under its own name outside the U.K.

A friendly reliable service with G.I. Bars and Seals  
GKN (South Wales) Ltd  
Tel: 0222-23

## COMPONENTS

## Logic move by ITT

UNDER A significant sourcing arrangement, ITT, conductors to be built all logic products design bipolar technology by Ron Moore, one of the U.S. NOW CORRESPONDENTS

The agreement is for years and has involved substantial though undisclosed investment to MM1. First device to be made by ITT—the master tooling have just been completed and will be in production in four months.

MM1 is on the point of launching many new logic products. The agreement will make launch less traumatic electrically programmable memory, as well as logic devices, will be ultimately involved.

Further details of the move from Memory Devices, Avenue, East Molesey, Surrey, 01-941 1066.

## In brief

● Intel has introduced a mask-programmable memory which is electrically erasable and mechanically compatible with the recently announced electrically programmable 2716. This company is making a major development in the erasable 271 development program and change to the lower cost for main production. The company has also recently announced an add-on memory, in-SOC, the FDP-11/03, and 11/94 computers. 0563 71431.

● Intended for 10 dedicated computing and applications is the CR77, a large scale integrated program made by Western Digital, made in the U.K. from Omnicore, 59 Vester Road, Woking, Surrey. The four-bit chip needs no on-board circuitry and contains ROM, data registers and direct memory interfacing. More on 0734 8

● The French Institute for Self-Service will be organising information meetings on the applications and problems of point-of-sale units.

More from French Trade Exhibitions on 01-295 3234.

● Up to 40,000 trade visitors are expected and some 400 companies will be exhibiting on over 16,000 square metres of stand space.

● Olivetti believes that users will make savings in software costs of the order of 90 per cent, on average—on the A755 and A760 versions. For the A5 and A6 carries no charge, while for the larger A7 disc-based version, a fixed charge of £1,000 is made.

PEX bid to amend jobs protection Act

AULINE CLARK, LABOUR STAFF

ASSOCIATION of Professional Executive, Clerical and Administrative Staffs (APEX) has started preliminary discussions with its lawyers...

AA holiday chalet plan for British beauty spots

BY RHYS DAVID

THE AA is making a tentative first move into the British holiday business with plans to develop chalets at beauty spots in Wales and Scotland.

Fenland woos mini-industries

BY PETER DENNIS

FENLAND DISTRICT Council in East Anglia is to spend £333,000 on building 39 mini-factories to meet a need for small industrial sites not being provided for by the big industrial property developers.

Engineering union's Boyd rejoin TUC council

IAN PIKE, LABOUR STAFF

MR. BOYD, who was Boyd on the General Council from the TUC general election as secretary of the Amalgamated Union of Engineering Technicians...

Porters want a seat on Dock Labour Board

OUR SHIPPING CORRESPONDENT

EXPORTERS have no opportunity of expressing their views on matters of concern to porting colleagues and affecting the cost and efficiency of port operation.

Hope for Glenfield plant

GLASGOW CORRESPONDENT

PE for the 1,000 and officials of the Scottish Economic Planning Department, which has already indicated some Government aid will be available to help revive the company.

Longer bank hours opposed

By Our Labour Staff

THE NATIONAL Union of Bank Employees has blocked a move to extend opening hours in five branches of Barclays Bank...

It is likely to be controversial new ownership. McLaughland, shop steward, said it was certain that the bank would reopen in an effort to work at 420 workers have finished up to 20 weeks' work contracts, but the work force are stretched because of inadequate manning in many bank offices.

It is hoped that the company's owners, instead of closing at 3.30 p.m., arguing that there were staff who were already over-stretched because of inadequate manning in many bank offices.

Two companies - Group of Surrey clays intended to be a pilot scheme. The experiment was being possible bids in said by the bank to have been with the Receiver postponed as a result.

IX lures accountants

LABOUR STAFF

ASSOCIATION of Professional Executive, Clerical and Administrative Staffs (APEX) is aiming to recruit 15,000 accountants attached to firms in the country.

In spite of this progress, however, there are still said to be a proportion of trainee accountants earning as little as £1,000 a year.



Table with columns: Date, Title, Venue. Lists various trade fairs and exhibitions such as British Centenary Exhibition, Silver Jubilee Exhibition, Birmingham Int Ideal Home Show.

Table with columns: Date, Title, Venue. Lists overseas trade fairs and exhibitions such as International Trade Fair, International Men's Fashion Week, International Horticultural Fair.

Table with columns: Date, Title, Venue. Lists business and management conferences such as Abraxas: Synetics-Innovative Skills, Marketing Improvements: Finance for Marketing Management, Production Engineering Research Association.

Advertisement for British Gas. Text: 'GAS-THE FUEL IN THEIR FUTURE. We're lucky in Britain, we have vast reserves of natural gas in the North Sea... GREAT GAS SAVE IT FOR GREAT BRITAIN! BRITISH GAS'

# Leyland hopes to regain market lead this month

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

U.K. CAR registrations are expected to rise to their highest point of the year this month as Leyland, after a difficult spring and early summer, seems well placed to take advantage of the existing demand. It has plenty of stock on cars which have been built since the toolmakers' dispute held its summer price increase to 4.6 per cent, against 6.5 per cent. from Ford.

By contrast, Ford is now suffering from a low stock level after registering high totals again this month, probably returning to the 45 per cent. level achieved in March and April, or perhaps exceeding it.

However, Leyland's new imported cars are expected to register high totals again this month, probably returning to the 45 per cent. level achieved in March and April, or perhaps exceeding it.

# Liverpool speed-up cuts surcharges

BY ROY ROGERS, SHIPPING CORRESPONDENT

THE PORT of Liverpool will receive a welcome boost today when five shipping conferences remove congestion surcharges levied on cargo through the port.

In recent months Liverpool has been dogged by poor productivity and slow turn-around times, which prompted many lines to impose surcharges and some to divert some services to other ports.

The Mersey Docks and Harbour Company has been making strenuous efforts to improve the situation and these now appear to be paying off, with the five conferences noting sufficient "improvement" to remove their surcharges.

Last night Mr. James B. Fitzpatrick, Mersey Docks and Harbour Board managing director, expressed the hope that these decisions "will encourage those still imposing a surcharge to move this penalty which we believe is no longer justified."

As from today the European East Africa, U.K.-Mauritius, U.K.-Sudan, the U.K.-South and South-East Africa and the U.K.-Red Sea conferences all remove 10 per cent. surcharges on cargo loading at Liverpool. Recently the Arabian and Iranian Ports Conference ended a similar surcharge.

They had been in force after post congestion earlier this year due partly to labour shortages and heavier than forecast traffic.

Mr. Fitzpatrick maintains that these moves reflect the general improvement in cargo handling and ship turnaround in the port, and stresses that the company intends "to go on improving our productivity until the remaining surcharges are removed."

An improved incentive payments scheme is expected to figure in pay negotiations now under way for the ports 6,000 dockers.

# Fast action urged on local radio

BY JAMES McDONALD

SELF-FINANCING local radio on the model of Independent Local Radio should be extended throughout the U.K., and new stations should be opened with the minimum of delay, says The Association of Independent Radio Contractors.

In a submission to the Home Secretary on the Annual Report on the Future of Broadcasting, the association says that the "dominantly locally owned self-financing independent contracting stations which should hold valid contracts from public authorities."

The submission lists the total identification of the 19 existing Independent Local Radio stations. Research just completed shows I.L.R. is "the most popular radio service in the U.K. and the one which is most widely listened to."

"In those independent local radio areas where a BBC local station is provided, the respective shares of total listening are: I.L.R. 77 per cent; BBC local radio 23 per cent."

Nearly half of those who could listen to I.L.R. in each week. "In the whole of the U.K. nearly a third of all adults listen to I.L.R. each week."

While the association agrees that ownership of local radio stations should be predominantly local, it did not believe that it was appropriate to establish a new regulatory authority of television companies or newspaper having holdings in local radio companies.

It did, however, accept that there should be no restriction on the right to shareholding in either of these categories. Independent Local Radio is a limited liability company, and its shares are held by a number of individuals.

# Callaghan decision soon on Wilson 'bugging' inquiry

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN is also said to have been "bugged" in the past. "Neither the Home Secretary, nor the head of the Security Service—or for that matter any of his very responsible officers—would have considered such action for a moment."

Mr. Callaghan dismissed the affair with Mr. Marilyn Rees, Home Secretary, at the weekend and was said to be studying the public exchanges on the subject "with care."

The indications are that the Prime Minister has not changed his view that there should be no inquiry into the "bugging" of Mr. Callaghan. "Since I have not been under security surveillance, had reason to suspect that he had found Mr. Chapman on such information in the Daily Express," he said.

Reports that a hole in the electronic surveillance been in Harold's Downing Street apartment were "not serious suggestions that this" was being used for an electronic device were discounted at the weekend. The cavity was said to have been used for an electronic device and his room was being bugged.

# Wide-ranging inquiry likely into motorway service areas

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

A FULL-SCALE, independent inquiry into motorway service areas is being initiated by Mr. William Rodgers, Transport Secretary.

The move follows a spate of criticisms about over-charging, monopolistic practices and the 69 service areas, 13 of which are operated on franchise by Trust Houses Forte and Granada.

The Department of Prices is considering a demand made in the Commons last week for a Price Commission investigation into motorway trading, but now more than 10p above those

nearby towns, the operators were not able to influence the prices charged by the oil companies.

The company says its prices are competitive with those in its ordinary restaurants and are no more than remain steady. It was not prepared to disclose how much money it does make out of motorway business.

Granada's 1976 accounts show a £712,000 profit from motorway services (more than double the 1974 level) on a turnover of £18.7m.

# Tanker rates improve

BY OUR SHIPPING CORRESPONDENT

CRUDE OIL tanker chartering rates improved slightly last week due to increases of three to four points for the larger vessels loading in the Persian Gulf.

Remaining tanker rates were steady despite a fair amount of demand plus a lot of activity early in the week. Brokers also reported a number of West African fixtures early in the week, although activity faded later.

A feature of the week was that the Libyan-Egyptian confrontation may have caused many charterers to switch their inquiries from Libya to other loading areas.

Gulf rates for very large crude carriers (VLCCs) are now around Worldscale 23-24, with ultra large crude carriers (ULCCs) fixing at about Worldscale 22. These slight improvements are seen as the result of owners raising charter rates and preferring to leave their vessels in seaway in the Gulf rather than accept the previous poor rates.

# Labour MPs demand freeze on beer prices

FINANCIAL TIMES REPORTER

PRESSURE FOR a freeze on beer prices for a year is being put forward by Labour Party MPs in the Commons today. The report which found that the other 12 months on pay trade showed the classic conditions for a monopoly.

Mr. Doug Hoyle, (Lab., Nelson and Colne) said: "The Government is trying to get the price Commission to hold back for another 12 months on pay trade showed the classic conditions for a monopoly."

MPs are also suggesting that the matter should be referred to the Monopolies Commission by Mr. Roy Hattersley, the Prices Secretary.

Mr. Walter Johnson (Lab., Derby South) said: "This merely bears out the criticism I have been levelling at the brewers for taking the public for a ride over the past 12 months."

"Some brewers, often in concert, have put up their prices at least four times in the past year and this at a time when the Government is trying to get the price Commission to hold back for another 12 months on pay trade showed the classic conditions for a monopoly."

# Yes to 16 amps

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE FIRST in a series of draft international proposals for a 16 amp unified plug and socket system, now being developed in the International Electrotechnical Commission, has been approved on behalf of the U.K. by the British Electrotechnical Committee. Approval of this first draft does not commit the U.K. to accept further proposals or to final adoption of the system.

Forty-two countries have considered the draft, although it will be some months before the result of the world vote is known.

# Better deal for top pupils

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

MANY STATE schools have gifted pupils with particular talents. "Should ensure that the responsibility for provision is taken up by another institution or agency," the inspectors say.

To an observer, this recommendation seems to imply that last year's "comprehensive" schools. As a child's gift may be for mathematics or languages, but the Act limits special State-funded schooling to those with outstanding ability in music, dancing and ballet.

However, the inspectors add that transfers from one comprehensive school to another which has a strong specialism may be helpful.

Gifted Children in Middle and Comprehensive Secondary Schools. S.O.C. 1975.

# COMPANY NOTICES

**VOTING NOTICE**  
to the holders of  
European Depositary Receipts for  
Common Stock of

# Trio Kenwood Corporation

(Formerly Trio Electronics Inc.)

DESIGNATED COUPON No. 29

(Action Required on or prior to 5th August, 1977)

Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of May 11, 1976, among Trio Kenwood Corporation, the Company, and the holders of European Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock of the Company (the "Common Stock").

HEREBY GIVES NOTICE that the Depositary under such Deposit Agreement has received notice of a general meeting of the Company to be held in Tokyo, Japan on 10th August, 1977.

The following, taken from the notice of the general meeting to be given by the Company, are the matters to be voted on at such meeting:

- 1) Approval of balance sheet as of 31st March 1977, statement of profit and loss, business report and disposal of profit for the 45th term (November 21st, 1976 through May 20th, 1977).
- 2) Revision of Articles of Incorporation.
- 3) Election of 11 directors.
- 4) Election of 1 auditor.

Such notice and the report or reports to be delivered in connection therewith, together with English translations of both, will be received by the Depositary at the office of the Depositary in London at the office of any of the following Sub-Depositaries:

### SUB-DEPOSITARIES

Chemical Bank, Frankfurt/Main, Germany.

Banque Internationale a Luxembourg, S.A., Luxembourg B, Luxembourg.

Pierose, Helderling & Pierson, Amsterdam, The Netherlands.

Voting rights under such Deposit Agreement may be exercised through the Depositary by holders of Coupon No. 29 by completion of the form of the Proxy Instructions for the matters to be voted on. Such form of proxy instruction is available at the office of the Depositary in London or any Sub-Depositary listed above and provides also for instruction to the Depositary to give a discretionary proxy to a person designated by the Company.

The Depositary will vote the Common Stock represented by 1 Receipt as introduced in such form of proxy instruction, properly completed and accompanied by Coupon No. 29 detached from such Receipt, as received by the Depositary or any such Sub-Depositary on or prior to 5th August 1977.

In the absence of instructions from holders of Coupon No. 29 the Depositary may, in its discretion, give a discretionary proxy to a person designated by the Company, but no representation is made that it will do so. The Depositary is not permitted by such Deposit Agreement to give a discretionary proxy in the absence of instructions from coupon holders with respect to any proposition, (1) as to which the Depositary has any substantial interest as to the action to be taken at the meeting, or (2) for the purpose of authorizing a merger, consolidation or any other matter which may affect substantially the rights or privileges of the Common Stock or other securities as deposited with the Depositary under such Deposit Agreement.

Dated: 1st August, 1977.

CHEMICAL BANK, as Depositary  
100, Strand  
London, England, WC2R 1ET.

30th May, 1977, has been established as the record date for the determination of the stockholders of the Company entitled to notice of and to vote at such meeting. All Receipts issued in respect of Common Stock not recorded as so voted at such meeting will be without Coupon No. 29 attached.

THE THOMPSON ORGANISATION LTD.

NOTICE IS HEREBY GIVEN that the Register of the £825,000 Cumulative Preference Shares of £5 each, 5% Preference Shares of the Company, is open for inspection at the office of the Secretary, 15, Abchurch Lane, London EC4N 3DF, on 1st August 1977, from 10.00 am to 5.00 pm on each day of the week except on public holidays.

By Order of the Secretary,  
J. EVANS, Secretary.

VICKERS LIMITED

NOTICE IS HEREBY GIVEN, that in accordance with the provisions of the Companies Act 1967, the Company's 5% Preference Shares of £5 each, 5% Preference Shares of the Company, is open for inspection at the office of the Secretary, 15, Abchurch Lane, London EC4N 3DF, on 1st August 1977, from 10.00 am to 5.00 pm on each day of the week except on public holidays.

By Order of the Secretary,  
J. EVANS, Secretary.

# WANKIE COLLIERY COMPANY LIMITED

(Incorporated in Rhodesia)

Notice to Holders of 51% of the First Mortgage Debentures of 1977

INTERIM PAYMENT NO. 48

Notice is hereby given that the holders of the 51% of the First Mortgage Debentures of 1977, who are entitled to receive an interim payment of interest on such debentures, should deposit their cheques for payment of interest on such debentures at the office of the Receiver of the Debentures, Messrs. Anglo American Corporation of South Africa Limited, 25th July 1977.

Office of the United Kingdom Transfer Secretaries, 25th July 1977.

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# Home for sale

ONE of Norfolk's finest country houses, the 17th century Old Hall at Snettisham is for sale.

It is a superb home, built by the architect Sir Christopher Wren, and is situated in a beautiful garden.

For further particulars, apply to the Auctioneers, Messrs. J. & J. Stuckey, 10, St. Andrew's Place, Norwich, Norfolk.

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# WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week.

The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interim or final. Sub-divisions shown below are based mainly on last year's results.

TO-DAY

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# MP to quiz Ministry over warplane's Soviet metal

BY WINSTON CHURCHILL

The risk is that over-dependence on the Soviet Union for materials from the Soviet Union which are needed for defence needs to be examined.

"I think it is a suitable subject for the defence external sub-committee of the Commons expenditure committee."

The Tornado is a joint project involving Britain, West Germany and Italy. West Germany is reported to have bought training facilities for the Tornado in the Soviet Union for an essential component, because it is cheaper.

"Since the Tornado is to be the backbone of the RAF one must question the desirability of this practice," said Mr. Churchill, who was not unknown.

# Distillers fight whisky curbs

BY RAY FERMAN, SCOTISH CORRESPONDENT

WHISKY distillers are concerned about reports that the Australian Government intends to restrict imports of the 1975-76 season. So far no Scotch whisky would effectively be imported into Australia.

Distillers in Australia seem to be taking the news reports seriously and are building up stocks. The first half of 1977 showed shipments 85 per cent up on the same period last year.

But the company's 2.3m. proof gallons a year. United Distillers, which produces a local spirit, did support the Australian Distillers Association submission that some price restrictions on imported spirits, applied until 1985, but Association against any for.

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But the company's 2.3m. proof gallons a year. United Distillers, which produces a local spirit, did support



A novel quest for numeracy

Michael Dixon examines the obstacles faced by industrialists and educators in their joint campaign for better teaching of mathematics.



People who grow up to read and write in the same tolerably way that most can in the better economy...

Materials for this third approach, is finding life a considerable struggle. Formed with the support of small numbers both of educators and companies a year ago...

school- and college-teachers who belong to it and members of the staff of its similar number of company supporters, have produced three instructional units on the mathematics of finance...

Make maths teaching more relevant and interesting by preparing attractive, slim packages... My own experience tells me that seeing how mathematics is applied is a considerable aid to understanding its techniques...

10 managerial essay contests now open focus on national economic issues

ISH Institute of Management wants people in to use their experience 5-to-40 days work of economy to make some suggestions for the...

Pages. Prize money totalling £900 will go to the writers of the best essays. The contest is open to students of management as well as to practising managers...

Computerising the business travel world

SIX YEARS ago the directors of the London agency Worldmark Travel decided to concentrate on the business travel market, and pull out of tour operating and chartering...

The tickets are made out on British Airways forms jointly designed by Worldmark and BA. Worldmark expects neutral tickets to be introduced in the next two years or so...

BP logo. Dfls. 60,000,000. % bearer notes of 1972 due 1976/1979. THE BRITISH PETROLEUM COMPANY LIMITED. SECOND ANNUAL REDEMPTION INSTALLMENT.

UROFIMA logo. European Company for the Financing of Railroad Rolling Stock. Second annual redemption instalment of fls. 50,000,000. - 5 1/2% bearer Notes of 1972 due 1976/1979.

Differentials. The institute is not the only body which is currently running an essay contest for managers. Personal Management, the journal of the Institute of Personnel Management, is now in the throes of organising its fifth annual essay competition.

Agourmet lunch for only £5.50. By 'lunch' we mean an appetizer, main course, sweet or cheese, coffee, service and VAT. Our gourmet menu varies daily. Book on 01-235-8050. Le Trianon Restaurant Sheraton Park Tower.

REGIONAL DEVELOPMENT FUND LIMITED (KEHTYSALUEKRAHASTO OY). Dfls. 30,000,000. 6 1/4% bearer Notes 1972 due 1976/1979. guaranteed by the Republic of Finland. September 1, 1977.

A FINANCIAL TIMES SURVEY CANADA. NOVEMBER 21, 1977. The Financial Times is preparing to publish a survey on Canada. It is proposed to include articles on the economy, Quebec and other provinces and on various aspects of Canadian finance, commerce and industry.

# FINANCIAL TIMES

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Monday August 1 1977

## Financing the BBC

SO INURED are we now to governmental expediency that the putting up of the television licence fee at the last minute of the Parliamentary year comes as no surprise. Once again the real issues have been avoided, and avoided because there is likely to be an election during the next 18 months and any sort of fuss over broadcasting is one that the Government would rather not have.

The difficulties which have been avoided are obvious enough. If the present system of financing the BBC by licence fees is to continue, those licence fees are likely to become unacceptably high. The alternatives are for the BBC to accept advertising for some at least of its services or for the Corporation to be financed by some form of direct grant. To maintain the BBC at the level of commercial living to which it has become accustomed would probably require a £27 colour licence and a £12 monochrome fee, compared with the current rates of £21 and £9 respectively.

**Advertising**  
The British public now faces the question of whether or not it wishes the present broadcasting system to be kept and, if so, kept on its present financial basis. While there are arguments in favour of a totally free-enterprise system there is little doubt that the ending of a tax-backed BBC would provoke an unacceptable consumer reaction. It may be possible to split the BBC into public sector activities and self-financing areas (perhaps Radios 1 and 2, local radio and BBC TV) but the broad principle remains the same.

The traditional anxiety of the BBC is that he who pays the piper inevitably calls the tune. Therefore, it argues, a Government which directly fixes the size of the BBC's budget has the opportunity of criticising how the BBC uses the money and how it has performed in terms of broadcasting quality. The arms-length arrangement of the Post Office collecting a licence fee has therefore long appealed to the Corporation. What has alarmed the BBC now is that the new licence fee is for a one-year period, making it little different from a one-year grant, and thus subject to annual Parliamentary debate.

**Fragmentation**  
In broad terms, the new licence fee levels are simply a stop gap. If the present system is to be retained then in its latest application it is too little and for too short a time. But the real test of the matter is that realistic application of the present system is politically unacceptable. That being the case the Corporation should either face up to the annual grant which, whatever the BBC might say, is little different from an annual decision on the level of licence fee, or to a fragmentation of the BBC to more manageable segments. There seems little real argument against those sections of the Corporation which could be self-supporting via advertising being hived off. We might then be left with a BBC which could indeed educate, inform and entertain but without at the same time asking the licence fee payer to sustain its ratings war with ITV and local radio.

## Next steps in the Belize dispute

AFTER A month of political alarms and some well-executed excursions by the Ministry of Defence, something approaching calm has returned to Belize which was being actively threatened by invasion by neighbouring Guatemala. The rapid reinforcement of the garrison in the territory demonstrated that this country has the will and the capability to defend the interests of a small nation in Central America which still relies on Britain for its defence. The show of firmness has been combined with a display of diplomatic flexibility and willingness to come to terms with any legitimate preoccupation of the Guatemalan Government in the issues. Mr. Ted Rowlands, the Minister of State at the Foreign and Commonwealth Office with responsibility for Latin America, has just returned from the Guatemala capital where he dealt with a difficult situation with aplomb. He deserves a word of praise for his efforts during the crisis period.

**Lost cause**  
The immediate crisis provoked by Guatemalan threats of invasion having been overcome, it is now time for all sides to try and work out a fair and realistic long-term solution to the question. It must be dawned on all but a handful of the most extreme nationalists in Guatemala City that the country's claim to Belize is the totally lost cause of the United Nations. The Western world, the Communist world and the Third world have completely and overwhelmingly indicated that they support the efforts of the 130,000 Belizeans to graduate to independence.

**U.S. interest**  
One helpful development of recent times, has been the increasing attention paid by the Carter Administration to the Belizean question. In the past U.S. involvement has not always been happy and Dr. Kissinger in particular appeared to ignore the Belize issue while several times overwhelmingly indicating that they support the Washington is taking a much more constructive and positive interest in Belize. Action by the U.S. to persuade Guatemala to accept a final settlement of the Belize issue would be particularly welcome now, at a moment when diplomatic solutions have to be found.

BRITISH AIRWAYS and Air France are looking further afield for opportunities to exploit Concorde, while still enmeshed in the legal tangle surrounding their bid to get landing rights for the aircraft at Kennedy Airport, New York. British Airways in particular is now studying the possibility of extending its Bahrain flights to Singapore, and it may begin a service to the latter destination this autumn, going on to Melbourne, Australia, early next year.

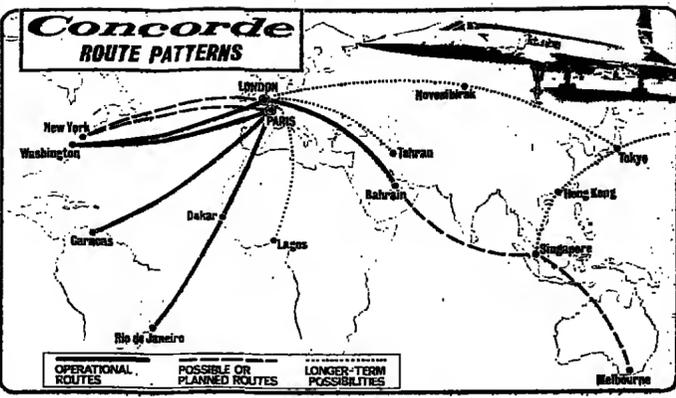
This does not imply any slackening in the fight to win Concorde rights at Kennedy. BA remains convinced that acceptance of Concorde by New York is the key to a large number of other cities world-wide—Tokyo being one of them. Both airlines feel, however, that they are slowly making their case more widely felt in New York, and that it is only a question of time before they win the right to make at least a series of experimental flights into Kennedy, as they have already been allowed to do at Dulles Airport, Washington.

The two airlines are now waiting for Judge Milton Pollack of the New York District Court to pronounce whether or not the Port of New York Authority has been unfairly discriminatory in banning Concorde from Kennedy. The PNYA's legal right to make such a ban has already been upheld by the Appeals Court (thus reversing an earlier decision by Judge Pollack that such a ban was illegal). But the Appeals Court itself raised doubts on the discrimination issue, and asked Judge Pollack to look at it again. Whatever Judge Pollack now decides (and many believe he will again favour Concorde against the PNYA), the matter is certain to go back to appeal, so that further legal delays are inevitable. Under any circumstances, Concorde flights to Kennedy could now hardly start before the late autumn, and might not even start before early next year.

The recent decisions by both airlines to raise the number of flights to Washington (Air France now flies there daily, while British Airways flies there six times a week) can be seen not only as a bid to get more traffic out of the U.S., but also as a challenge to New York's own position in that market. By its continued objections to Concorde, New York is clearly losing business to Washington, for many of Concorde's passengers are now coming from the interior of the U.S. instead of flying in New York to join subsonic jet services across the Atlantic. Concorde is proving a considerable traffic attraction. In spite of the Europe-U.S. return fare that is 20 per cent higher than the subsonic return rate, Concorde

# Concorde in search of fresh fields

By MICHAEL DONNE, Aerospace Correspondent



has already demolished one of the main planks in the argument against it—that it would not attract passengers at a higher fare.

At the same time, many business organisations and trade unions in the New York area are voicing concern at the continued transgression of the PNYA, and the two airlines feel the climate of opinion is moving steadily in their favour. The recent conclusion of a new Anglo-U.S. air agreement does not affect Concorde at all. While the U.K. wanted to include new provisions in the agreement that would ensure there could never be a repetition of the U.S. delays in approving Concorde, the U.S. insisted that it could not interfere with airport operators' existing rights to approve or disapprove aircraft they felt might harm their environment. Under the new Bermuda Agreement, stands exactly where it did under the old pact.

Before the New York issue is resolved, however, other developments may influence the aircraft's future. One is the much wider question of landing rights at other U.S. airports. The current 18 months' trial of Concorde at Dulles is due to end on September 24 (after 12 months of data collection and four months' evaluation). Either before that date, or soon after

it, the U.S. Department of Transportation and the Federal Aviation Administration will have to decide whether or not, as a result of the trial, Concorde can go on flying into Dulles, and can also go to other U.S. airports.

With the controversial issue of Federal versus State rights still in doubt, the current view is that the U.S. Government will probably throw the onus for deciding for or against Concorde on individual airport authorities, saying that they want it, the aircraft if they want it.

### Less noise at Dulles

Strengthening this view is the fact that Concorde's noise at Dulles airport has been less than expected, while in recent weeks new scientific reports, including one from the U.S. National Oceanic and Atmospheric Administration, have suggested that earlier claims of ozone damage from Concorde are at best dubious and possibly even baseless. If the U.S. Government does give individual airports the choice on Concorde, some airports would be certain to accept the aircraft—such as Dallas-Fort Worth, Atlanta, Bangor (Maine) and others, although some, such as Los Angeles International, would

probably be as staunchly opposed to it as New York.

Nevertheless, while the airlines believe that opinion is at last veering round in favour of Kennedy, they are still looking for other markets to which to fly. British Airways is particularly anxious to widen its Concorde operations.

One reason for this is the need to recoup the losses the aircraft is incurring on the limited routes now flown. The recent report of British Airways for 1976-77, covering the first full year of Concorde, showed that it lost £8.5m. on operational account. This was due entirely to the fact that there were only four flights a week to Washington in that year, and only one flight a week to Bahrain. As a result, in spite of load factors (the percentage of seats sold) in the 80s and 90s, and with nearly 30,000 passengers carried so far, there is some pressure on the airline to try to cut the Concorde losses, even if it cannot make profits.

BA points out that to break even with a 60 per cent load factor, each of its five Concorde needs to be flown at a minimum utilisation per aircraft of 71 hours a day. At present, utilisation amounts to little more than an hour a day. The utilisation will go up, now

that the additional Washington flights are being made, and will go up further when the routes to Singapore and then Australia begin. But to make the most significant difference, the second transatlantic crossing to New York will be needed, and even then further routes will probably be required to ensure ultimate profitability.

The airline's other objective is to avoid having aircraft and crews on the ground, other than for normal maintenance and training purposes. To date, the airline has 19 crews trained, with another eight in the pipeline, and the rate of training is geared closely to the available route flying that can be done. The Concorde fleet is costing BA £150m. to buy, with heavy interest rates, and in its present restricted capital situation, it must get maximum return on every penny invested. Concorde grounded, with nowhere to fly, lose money heavily.

There is also the need to generate greater foreign airline interest with a view to finding buyers for the five aircraft still unsold on the production line. Concorde 12 and 13, for example, are nearing completion at Filton and Toulouse respectively, with 14 and 15 entering final assembly, and parts for the last aircraft, No. 16, moving through the machine shops.

### Prospective customers

While it will still be some months before any of these aircraft fly, there is still no sign of firm orders for them. Outstanding letters of intent for two aircraft from Iran, and three from Communist China, have not yet been turned into firm contracts, with no signs that they are likely to be in the near future. Thus, the manufacturers are looking elsewhere, and believe that if only passenger flights can be started to other destinations, prospective customers might emerge.

For all these reasons, new routes are imperative, and BA's own interest in seeking additional outlets for the aircraft is warmly welcomed and supported by the aircraft's manufacturers. Various negotiations are in progress for new routes, such as to Tehran and across the Soviet Union to Tokyo. But these are at best desultory, and at worst a standstill, and the most encouraging opportunities lie in flying to Singapore, as a preliminary step to other Pacific-basin destinations.

The Singapore Government has indicated that it would welcome Concorde, provided the commercial interests of Singapore Airline itself can be safeguarded. Thus, BA is discussing the possibility of a joint operation with SIA. The Indian

Government's hostility to supersonic flights across India remains, but BA now appears to accept that it could avoid overflying, by making the no-stop Bahrain-Singapore flight in each direction round the southern tip of India and Sri Lanka on suitable occasions throughout the year to justify starting the service. When difficult weather conditions prevail, for example, in the monsoon, Concorde might have to carry fewer passengers, or at worst make a technical stop in Sri Lanka to refuel. But, on balance, a Bahrain-Singapore operation appears feasible. Some international overflying rights still have to be settled, for example, across Indonesia, but it is hoped that these can be concluded soon.

The importance of this Singapore link cannot be overstressed. Once the aircraft reaches that point, the entire Far East, South-East Asia and Pacific are opened up for it. Apart from flights into Melbourne next year, BA could perhaps also land at Hong Kong in 1978, and then on to Japan, in the latter country, the opening after a long delay of the new airport at Narita, 40 miles outside Tokyo, may considerably ease the environmental objections to Concorde, especially if New York sets the example of letting Concorde in. Even where BA does not have direct operating rights itself, it could no doubt arrange for Concorde operations with other flag airlines.

There are many other possible destinations in the area. Services between Singapore and Manila, Bangkok, and perhaps Seoul in Korea become feasible. It is also possible that, if the U.S. Government in September does give approval for Concorde to fly to other airports, the aircraft could operate across the Pacific via Guam and Hawaii to U.S. West Coast destinations. Services to Anchorage, also become a possibility, on flights between London and the Far East.

These are at present only possibilities, which the airline planners have been looking at. The manufacturers stress, however, that until Concorde is actually flying into the South-East Asia and Pacific area generally, the full extent of the opportunities cannot be gauged. A great deal of enthusiasm was generated for the aircraft last November when it made an extensive demonstration tour of the area, including flying back to London and Paris from Seoul to daylight with only two stops en route at Singapore and Bahrain. What does appear now to be happening is a strengthening of opinion that while the fight to win New York rights must be guarded, thus, BA is discussing the possibility of a joint more expansionist philosophy over Concorde.

## MEN AND MATTERS

### Rough and twisted

Do forgive me when I report that the Irish have been getting their knickers in a twist of late. Or more precisely, their football shorts. It's a complex tale of sporting politics that make that Kerry Packer saga look quite like cricket.

The Gaelic Athletic Association—the determinedly Irish body that runs the rough, tough, brand of Gaelic football in the South and in Ulster, as well as its hurling variant of hockey—has imposed a six months' ban on County Cork's football team for wearing Adidas shorts. One of the GAA's many rules is that all equipment must be Irish-made; Adidas is a West German manufacturer. Cork's star hurling team has joined the fray, and in support of the footballers is threatening to boycott the all-Ireland game-finals now only a week away. The resulting front-page headline in Dublin and the big question is will they, won't they play the game?

The joke is, though, that the GAA imbroglio is really over nothing. The offending Adidas shorts, it has since transpired, were in fact made in Ireland under licence to the Bavarian manufacturer.

### Placid it ain't

Another epic battle of the small screen is building up around television coverage of the 1980 Winter Olympic Games, due to be held in upstate New York at Lake Placid, a place that is clearly going to do nothing to deserve its name.



"I can't imagine Sir Harold ever saying anything worth eavesdropping on!"

his share of problems, at one point looking as if it might lose the games because the facilities were not up to standard. Now the local organising committee is asking the European Broadcasting Union to pay \$10m. for coverage rights for the winter games.

Chief negotiator for the EBU, and much of the rest of the non-American world, is Sir Charles Curran, a job he is keeping on even after he gives up his post as director-general of the BBC. Curran's reaction so far is to tell the Americans to go away and think again. At that price, they have been told, Europe will not cover the games.

Whatever Britain thinks about winter sports—and as far as ski racing is concerned it does not think very much—there is a great deal of interest in continental Europe. The winter effort into watching ski races rather than soccer matches. Lake Placid knows

this well enough. It also knows that if the villages in the Tyrol cannot see their local champions winning medals Austrian TV will have to face some very nasty questioning.

At the root of it all is Lake Placid's cash shortage and an awareness that neither the local voters nor Washington, learning lessons from Montreal last year, are likely to take kindly to calls for financial support. Normally host cities provide TV companies with considerable local facilities free. Now Placid is asking that these too be paid for.

### Roll up

Lake Placid's reluctance to reach for its collective wallet is an understandable example of public poverty. Still in New York State, the drive for private affluence among medical men has got a boost from the State's board of regents which regulates the activities of all professions.

The board has voted unanimously to allow physicians, dentists and other professionals to advertise their services and prices in newspapers and magazines. TV and radio advertising would be permitted as well, but there must be no mention of prices over the air waves.

The last point will no doubt be welcome to some medicals who might fear that widespread dissemination of what they charge their lucky clients might actually frighten customers off.

The new New York guidelines will take effect on October 1. One of the regents described the decision as a "happy medium" between unlimited advertising and the current law, which he hoped it would allow "factually accurate and dignified" advertising. Whether doctors in particular will take advantage of their new freedom remains to be seen. The State medical society's ethics committee has rules which are probably in conflict with the regents' ruling. The committee has yet to decide how to respond to the advertising decision beyond hoping the vast majority of doctors will follow voluntarily the old rules.

### Opportunities knock

Turning to British advertisements, do I detect the start of a variable season of beguiling job opportunities? A salary of \$25,000 tax free plus bonus, free accommodation and other carrots sounds promising, but the ad in a Sunday paper for an advertising manager was surely stretching a point when it used the most overworked word in the language and said: "This is a green fields situation." Unlikely. The post is in Kuwait.

Then there is the Newcastle firm of solicitors which is looking for an energetic and efficient secretary, declaring wisely: "Some matrimonial experience would be an advantage but intelligence is of greater importance."

Observer

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# FINANCIAL TIMES SURVEY

Monday August 1 1977

# EGYPT

After twenty-five years as a republic, Egypt is still hard pressed by economic and political problems. They have been accelerated by the changeover from the centralism of Nasser's rule to the greater liberality of government under Sadat, and aggravated by the continuing uncertainties of the Middle East conflict.

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Anthony McDermott

Y-FIVE years ago Abdel Nasser staged a high overthrew Egypt's... as being archetypal such operations in the history of the post-... era. But the revolution... it Sadat failed to live... in, it is not necessary to... rther than Cairo, the... It has become a living... sent of Egypt's prob-... now contains some 10m... one quarter of the whole... far beyond the original... of the city. People... he pavements and are... into overworked pub-... sport. The telephones... ith haphazard ineff-... The inequalities are... Ageing locally-made... nte for the first line... lights with brand new... A woman wrapped in... mifaya with two child-... er lap begs in a street... ith smart boutiques... d glass hotels are in... the crammed slums of... That Cairenes put up... discomfort and incon-... ry humour and patience... ities that apply to the... um, of Egypt's inhabit-

ants, most of whom live in the countryside.

Occasionally, this tolerance snaps, as it did at the end of King Farouk's reign, and turns into vicious rioting. On January 18 and 19 this year, after the abrupt announcement of the removal of subsidies from a wide range of basic commodities, there were the worst riots for 25 years in Cairo and 11 other cities and towns. For the first time, the army was called in and a curfew imposed. President Sadat unequivocally put the blame on a Left-wing conspiracy. Whether the Left was involved or not, the riots were much more an outright warning by the Egyptian people that they felt the Government had become out of touch with the needs of the ordinary public and had lost its sense of direction.

President Sadat, whose mandate for a second six-year term was endorsed by 99.93 per cent of Egypt's voters last September, took the riots personally. He has some cause and justification, first because in comparison with the Nasser era, Egypt is a far more liberal place, shaped by his October Paper. This document, issued in April, 1974, grandly maps out the more liberal shape of Egypt's "modern state and society"—in economic, political and social terms—to the end of the 20th century. Second, President Sadat, through the crossing of the Suez Canal at the beginning of the 1973 War and through the two Sinai dis-

engagement agreements of 1974 and 1975, has demonstrated that Israel is not invincible militarily and can be forced to cede some occupied territories through diplomatic pressure.

## Limited

Inevitably, because resources are limited, President Sadat has had to be selective in the allocation of freedom both politically and economically. Thus last November he permitted the formation of three parties—the left, right and centre—but they do not accurately reflect the main political trends within the country. In addition, the visible pressure on the Left, particularly since the January riots and moves to reinstate Islamic law may very well have given tacit encouragement to extreme religious groups like Gama'at al-Takfir wal-Hijra, responsible earlier this month for the kidnapping and killing of a former Minister of Religious Endowments, and for a series of bomb explosions. This must also cause some concern to the Coptic community.

Similarly, the economic "open-door" policy, reversing the centralism of Nasser by encouraging the private sector and foreign investment, has so far tended to make fortunes for a few Egyptians (and some foreigners), but life very much more expensive for the majority of the population. In addition, under the burden of massive defence expenditure, from the 1973 war with Israel, the first was the turning away

some ill-judged management of loans and credits, Egypt has become deeply dependent on others—particularly Saudi Arabia for the next five years—to buy its arms, to plan and order its economy and to clear its debts.

Egypt is further hempered by its chronic population problem. There are signs that, after years of gradual decline, the growth rate may be rising. This would make even more difficult the Government's burden of providing the broad range of social services which oil-rich countries such as Kuwait or Libya can provide.

President Sadat is caught, too, by his country's pan-Arab commitment. Four wars with Israel have been a serious drain on both men and resources. Nevertheless, no matter how badly Egypt might want to turn inward to concentrate on its internal development, it cannot in the end, ignore its Arab responsibilities. This dilemma, often overlooked, is no more clearly demonstrated than by the fact that Egypt is turning increasingly to the West for arms in order to build up a credible western option, while bidding for western assistance to expand the successfully reopened canal and while reconstructing the cities and Suez Canal region, which have suffered in every war with Israel.

In foreign policy President Sadat has made two decisive shifts, both of which stem from the 1973 war with Israel. The first was the turning away

from the Soviet Union and their policies. In the progress towards Geneva, thus, the visit of Mr. Begin, Israel's Prime Minister, to Washington has become crucial. For although the possibilities of Israeli concessions in Sinai or on the Golan Heights are tempting, Israel's current views on the future of the West Bank and east Jerusalem may well be too hardline for Egypt to accept.

## Refusal

Furthermore, there are other problems which could complicate the holding of the Geneva conference. One is the question of Palestinian participation, for the terms which the Palestinians might insist on could easily lead to an Israeli refusal to attend. The second is Egypt's relations with the Soviet Union, a co-chairman, with the U.S., of the conference. These continue to be such as to defy a rapprochement to the point that the prospects for any conference could be harmed. And in the end there is the fundamental question about what could possibly be achieved at a Geneva conference, which could be put forward to suggest that President Sadat's Middle East strategy is paying off.

This picture has been confused, too, by the sudden war with Libya in the Western Desert in the middle of this year when many had begun to number his days. Second, he has been able, through the expulsion of the Soviet military advisers in 1972 and, of course,

## BASIC STATISTICS

Area	386,900 sq. miles
Population (1976)	37.2m.
GNP	£E3,949m.
Trade (1976)	
Imports	£E1,48bn.
Exports	£E282m.
Imports from U.K.	£172m.
Exports to U.K.	£65.2m.
Currency:	
Egyptian pound	£1=£E0.68
Tourist rate	£1=£E1.18

the conduct of the war with Israel the following year, to pull off coups which have more than restored his diminishing popularity. Above all, the last 25 years of Egypt's history have been basically stable. The changeover of power from Nasser to Sadat after the former's unexpected death was constitutional (Sadat was Vice-President at the time) and smooth. The following year President Sadat was strong enough to sustain a serious challenge to his power from the Left, led by Mr. Ali Sabri.

But there is to-day more talk and rumour about alternatives to President Sadat than ever before. The January riots were significant for the level of popular resentment of the Government that they revealed. It has not been lost on observers that the Army, having been drawn in unwillingly, behaved with impressive discipline. In short, they played a crucial role in restoring order. Internationally, President Sadat retains the crucial support of both the U.S. and Saudi Arabia, but what he needs most of all is two or three years to prove that, by 1980, as he frequently says, many of Egypt's fundamental problems will have been solved. Whether that medium-term strategy will get a fair chance to work depends greatly on what happens in the next six months.

# Investing in Egypt

## A new open door policy

As part of Egypt's forward-looking programme to re-vitalise her economy the People's Assembly has approved a number of amendments to the country's investment laws.

These amendments, covering exchange rates, taxation, customs duties and the repatriation of profits, make Egypt's current investment climate one in which overseas

investors will see their projects come to fruition more smoothly than ever before.

During the next four years, projected schemes will be undertaken to build up the country's involvement in agriculture, textiles, housing, transportation, engineering, mining, finance and food stuffs to the benefit of both Egypt and foreign investors alike.

### Agriculture

Agriculture and land reclamation are vital factors of the Egyptian economy. Investment—both foreign and domestic—in this area includes animal production and water as high priorities. Important, too, are the cultivation of fruit and vegetables for export, poultry raising and cattle breeding, fishing, and dairy production.

### Industry

In the past the Egyptian economy has been heavily orientated towards agriculture. Today the emphasis has shifted to include industrial development. With a substantial industrial export trade already under way, over one million of the country's workforce are employed in industrial activities. Thus investment from overseas is encouraged in metallurgical concerns, the engineering and electronic industries, textiles, chemicals, building materials, foodstuffs, mining and petrochemical industries.

### Tourism

Egypt was a great civilisation with a centralised government over 3,000 years before the birth of Christ. Nowadays the fertile banks of the Nile stepped in the ancient history of the Pharaohs' land attract thousands of tourists each year. For those who look for the sun in winter, and who have an interest in history and archaeology, Egypt is an ideal place. Foreign investment is invited to improve facilities for tourists through the construction of hotels, tourist cities and villages, camping centres, floating hotels, ferries and other amenities.

### Financial institutions

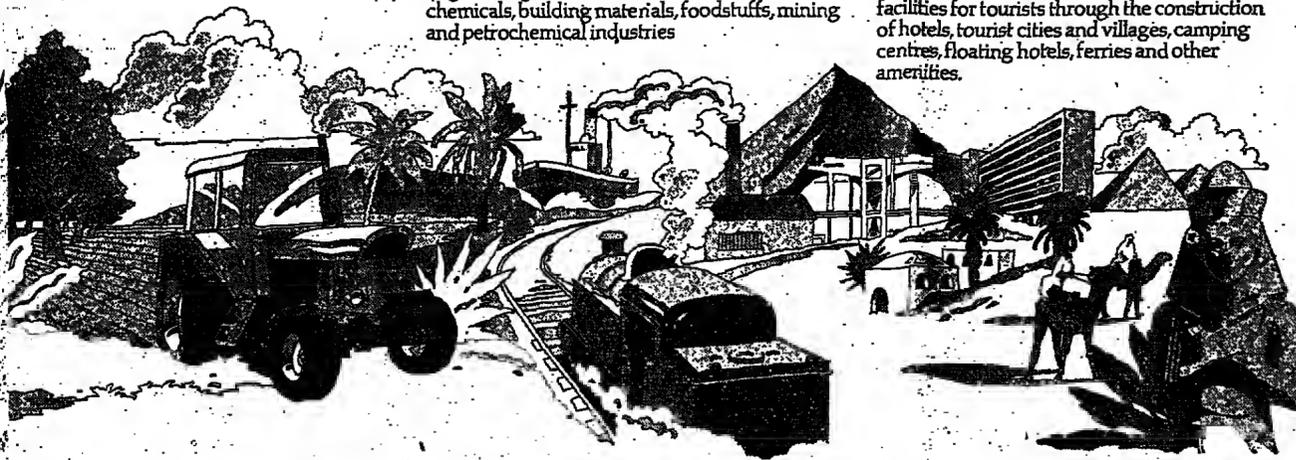
Beyond the investment potential of agriculture, industry and tourism, Egypt's new policy opens the door for the establishment of a variety of institutions to provide adequate financing for any accepted investment project. Opportunities now exist for investment companies, investment banks, merchant banks, and reinsurance companies to open branch offices in Egypt or to establish institutions constituted in Egypt.

### The progress so far

Already Egypt's investment programme is far advanced. This table shows the scope and involvement of foreign investors whose projects are currently under way. It is an indication of the way in which, in partnership with overseas industrialists, Egypt is committed to a comprehensive programme of economic growth.

Activity	Number of Investment Projects	Total Investment (figures quoted in £E millions)	Egyptian Investment	Foreign Investment	Employed Nationals as % of Total
Textile Industry	28	31.7	11.7	20.0	313
Food Stuffs	18	20.1	8.8	11.3	1683
Metallurgical	25	16.9	7.3	9.6	965
Engineering	13	12.5	3.8	8.7	1102
Mining	4	2.3	0.5	1.8	423
Ceramics	13	33.6	21.7	11.9	1358
Chemicals	83	69.1	19.7	43.4	943
Pharmaceuticals & Medical Equipment	3	1.1	0.1	1.0	133
Animal Production	14	25.2	13.6	11.6	2093
Housing	14	91.9	39.7	52.2	—
Contracting	16	8.7	3.7	5.0	14948
Transportation	8	22.6	1.4	21.4	704
Investment Companies	13	136.0	22.0	114.0	—
Banking	23	69.8	14.2	55.6	—
Tourism	62	182.1	72.6	109.5	18743
Health & Hospitals	6	17.5	1.9	15.6	2668
<b>Total</b>	<b>343</b>	<b>735.3</b>	<b>242.7</b>	<b>492.6</b>	<b>66041</b>

For further information contact:  
General Authority for Arab and Foreign Investment and Free Zones.  
8, Adly Street, Cairo, Egypt.





# Consolidation is the priority

NESSMAN who has immediately struck road advertising the sing number of ing in Cairo. At 89 banks had a re banks and fore branches, 25 repre sies, and 11 finance ment houses. Two he total number was made up primarily public sector bank gn representative

5 investment law uted foreign bank le Egyptian market ical ventures or es. Joint ventures as proved to be a least 51 per cent. ship can engage in and foreign currency hile branches, both and domestic, can in foreign currency ree zone branches proved popular — ova Scotia changed that of a domestic nd Manufacturers rust use their free h as a vehicle for h African loans, ventioned the new banks from adities to Egyptian doing a limited ree zone business.

1 attracting foreign ot been fully trans- success in stimulat- economy. President door policy estab- framework within rivate sector could e freely. The theory s new banks would yst in the develop- s emerging private panies. However, ese companies are med and many are 7 capitalised. The at foreign commes s applying head office ndards find only regular intervals. Chase tets for the found tional, a joint venture between the Chase Manhattan Bank and the National Bank of rency in the new Egypt, is the recognised market re. The fact that leader of the new banks. Its companies cannot 1976 figures show total assets of the new deal with the new £279m. (£114.5m.) and profits made the banker's of £15.5m. (£2.5m.). Eighteen million Egyptian pounds

An an exception to the rule, (\$20m.), or 18 per cent of total assets, were tied up in loans. Most of the other banks, particularly Citibank, are also maintained their position as development banks. Barclays already has a loan portfolio of \$8m. and is aiming to pursue a more aggressive approach following Barclays' removal from the Arab boycott list. Both banks have kept their retail business to a minimum.

Apart from finding leading opportunities, there have been other problems facing the new banks. The local public sector banks were openly admitted to be providing poor service—the result of years of isolation, lack of training, and lack of office equipment. The new banks entered the market with their Western approach and immediately, hired away much of the lucrative business. However, some were so successful that they were unable to maintain their service quality. This in turn diverted limited management resources away from the job of making loans. On top of this, the problems of telex and telephone communication, lack of experienced local staff, and the inability to find acceptable banking premises have prevented the new banks from providing the quality of service they desire. Recently, minimum deposit balances have been more strictly enforced in an attempt to reduce the volume of business.

## Status

Prior to September 1975, the only banks were the four public sector banks, and the special status foreign currency banks, the Arab African Bank and the Arab International Bank. September 1975 saw the opening of Cairo Barclays International, the Chase National Bank (Egypt) and Citibank, to be followed by the others at regular intervals. Chase National, a joint venture between the Chase Manhattan Bank and the National Bank of Egypt, is the recognised market leader of the new banks. Its 1976 figures show total assets of the new deal with the new £279m. (£114.5m.) and profits made the banker's of £15.5m. (£2.5m.). Eighteen million Egyptian pounds

That so many bankers are available for consultation is encouraging for potential foreign investors. The bankers' own first-hand experiences of the investing and of doing business in an extremely complex business environment are proving invaluable. However, many bankers are privately pessimistic about the level of lending to be done in the field of foreign investment. They see growth of the local private sector and a move into the public sector market as their major future markets.

The banking sector as a whole has seen a marked liquidity squeeze in Egyptian pounds over the past year, primarily as a result of IMF-imposed money supply restrictions. This tight liquidity has not been balanced by significantly increased domestic interest rates—lending rates are only 9 per cent, and one-year deposit rates 6 per cent. All rates are fixed by the central bank. With inflation still running at about 25 per cent, these rates are all long way off the true market level. One banker estimates that 20 per cent would be a realistic "free market" lending rate. With almost all foreign banks

## Healthy

The black market, euphemistically known as the "free market," continues to function with a healthy two-way trade at a rate not much bigger than the parallel rate. One major contradiction remains in the banking system. The foreign currency branches are not subject to exchange control regulations whereas the public sector and joint venture banks are. This situation continues to confuse both bankers and customers. An Egyptian national is being encouraged to break the law by using a foreign currency branch for a transaction prohibited by the exchange control law.

Over the next year one can look forward to one or two new entrants into the field. However, consolidation will be top priority for the existing banks—improving systems, customer services and, most importantly, building up loan portfolios to more normal balance sheet proportions. The general feeling that the market is overbanked will probably continue although there is no sign of anyone pulling out. Increasing competition will eat into profits and this in turn will hurt the smallest banks.

By a Correspondent

## every CONTINUED FROM PREVIOUS PAGE

The effect of this, implication of the rolling foreign in- that the debate advertibility of the md has been set moment. vesters had been free float of the md because they make economic based on their Services (net) Receipts Payments Unrequited transfers Current balance Capital transactions (net) Long-term loans Suppliers' credits Others (net) Errors and omissions (net) Allocation of SDRs Overall balance

	1971	1972	1973	1974	1975	June, 1976	1976
Trade balance	-171.1	-205.5	-261.3	-703.6	-1,078.3	-316.9	-851.6
Exports (fob)	369.7	353.7	396.3	653.9	612.8	339.0	628.5
Imports (cif)*	-540.8	-559.2	-657.6	-1,357.5	-1,691.1	-855.9	-1,480.1
Services (net)	-40.0	3.0	12.7	66.2	109.7	116.0	423.4
Receipts	79.2	134.1	166.4	277.6	422.5	273.5	762.3
Payments	-119.2	-131.1	-163.7	-211.4	-312.8	-157.5	-336.9
Unrequited transfers	121.3	128.2	289.0	569.9	421.3	154.4	283.1
Current balance	-89.3	-74.3	-30.4	-127.5	-547.3	-46.5	-162.1
Capital transactions (net)	11.3	65.4	31.9	-77.6	158.0	42.0	n.a.
Long-term loans	-11.3	34.4	15.8	-57.6	100.3	13.5	
Suppliers' credits	26.0	19.2	46.2	1.5	32.3	48.8	
Others (net)	-2.4	2.8	-1.5	-15.5	26.4	-18.3	
Errors and omissions (net)	1.0	-3.0	-2.9	-4.8	-10.5	-9.0	n.a.
Allocation of SDRs	8.7	9.4					
Overall balance	-68.8	-11.6	-5.4	-208.7	-399.8	-13.5	n.a.

Sources: Central Bank of Egypt and IMF, Balance of Payments Yearbook. \* Except where otherwise noted, data are based on the Central Bank's exchange control records. † At official exchange rate. ‡ Includes the market value of petroleum grants (£E35.3m. in 1973, £E104.7m. in 1974).

and private sectors is uneven. Industry is 90 per cent public and 10 per cent private. Agriculture is almost 100 per cent privately owned. More than half the external trade is in the public sector and the same proportion of internal trade in the private sector. The Government wants the public sector in the future to be responsible for most infrastructure development with super-structure mainly in the private sector. This is the theory, but it is before it is about the policy of full employment which was a bastion of Nasserism and is still applied in principle. As long as companies are told who they must employ and how many, and are unable to sack employees, they will not be able to regulate efficiency of factories, some of which are not controlled by the Ministry of Economy but by the Power Ministry. Dr. Kaissouy has already told parliament he wants a public debate about reforms and Egyptian industrial companies. This is a tactical warning that the Government has found a partial solution to the lack of jobs by encouraging emigration. This pushes the problem out of sight and it has the advantage of boosting the foreign currency

which controlled sent home by workers abroad. But it also has caused a drain in manpower which has forced up the cost of skilled labour 300 per cent in two years. Egypt now suffers from a shortage of skilled and unskilled labour. Whether these measures improved efficiency will be seen when the 1978 results are released and evaluated. While public companies can now make some decisions independently, they can do little about the policy of full employment which was a bastion of Nasserism and is still applied in principle. As long as companies are told who they must employ and how many, and are unable to sack employees, they will not be able to regulate efficiency of factories, some of which are not controlled by the Ministry of Economy but by the Power Ministry. Dr. Kaissouy has already told parliament he wants a public debate about reforms and Egyptian industrial companies. This is a tactical warning that the Government has found a partial solution to the lack of jobs by encouraging emigration. This pushes the problem out of sight and it has the advantage of boosting the foreign currency

Michael Tingay

# ARAB AFRICAN BANK

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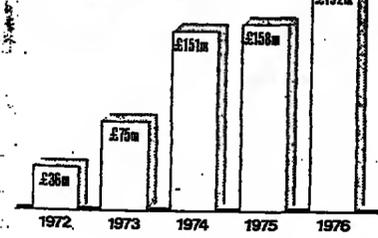


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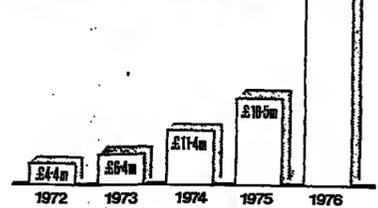
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	1975	1976	Growth Rate
Reserves	6.6	9.4	42.4%
Deposits	285	304	6.6%
Loans	183.4	244.1	33%
Total Assets	402	413	2.7%
Contra Accounts	184	232	26%

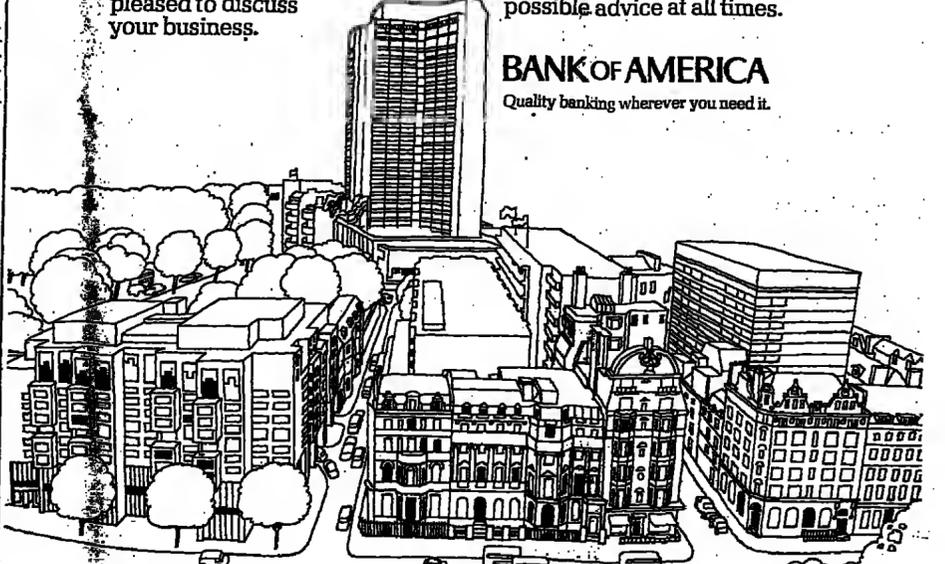
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# The President holds the reins

EGYPT IS in a political limbo. The People's Assembly is a parliament of appearances of substance. The three parties of Centre, Left and Right—the Egyptian Arab Socialist Party, the National Progressive Union Party and the Free Socialist Party—created last November by President Sadat fail to reflect the major political trends in the country. The Press has been so neutralised that it has become an ineffective tool for the President. The Government often appears to lack seriousness. There is a dearth of politically acceptable men of high calibre for key jobs. Economic problems prevent the President from achieving his domestic goals, especially his wish to give more political freedom.

The riots of January 18 and 19 were symptoms of a Government which had lost its way. They were the worst disturbances since 1952. Their occurrence and aftermath probably constitute the President's most serious problem since he succeeded Nasser in 1970. They might have been avoided had not new economic policy been crudely applied without concern for its political consequences. They illustrated that Egyptians are so poor that they can bear no more hardship. If Mr. Sadat is to impose economic reforms as he wants, rigid control over popular reaction may be necessary.

Reaction to the riots and subsequent events exposed the weaknesses of President Sadat and his Government. A crucial factor was that the Army was used to restore order in 12 cities, and then only after the Government had reversed its decision to halve subsidies. The Army behaved with exemplary discipline, firing no shots and this leaves Mr. Sadat publicly in debt to the military. In addition, the climb-down on prices indirectly involved the Army in political decision-making, something the President had been anxious to avoid.

launched an unconvincing campaign blaming the events on communist plotters. Weeks of clumsy overreaction followed. The President got the worst of a televised debate with Nasserite-leaning students and publicly lost his temper. Dr. Gamal Oteifi, Minister of Information, was sacked.

In the days after the riots up to 2,000 people were detained accused of complicity in the rioting. Contradictory statements and accusations were buried across the media as the public prosecutor faced the difficult task of setting up trials to prove the plot theory. Six months later no evidence has reached the Courts of a Communist conspiracy. The President continued to hammer away at the Left-wing, in speeches, showing his visceral dislike of the Left.

## Repressive

President Sadat then issued the most repressive decree of his career—law number 2 of 1977 which called for life imprisonment with hard labour for a host of offences ranging from forming parties to demonstrating and striking. Side-stepping the recently elected parliament, he ordered a plebiscite to confirm the measures. His credibility was strained when the government-owned press published results showing that 96.69 per cent of the 9m. or so voters had participated in the plebiscite, and that 99.42 per cent of these favoured the measures. Some what contradictorily, but not unconstitutionally, the People's Assembly later reduced the penalties when it drafted the Parties Law of June 1977.

The plebiscite suggested parallels with Gamal Abdel Nasser's style and so much upset one MP, Mr. Kemal Eddin Hussein, who was once dismissed by Nasser from his post as a Vice-President, that he sent Mr. Sadat an open telegram calling the results "an insult to the intelligence of the Egyptian people." At this, the frailty of Egypt's democratic representation was shown. The People's Assembly expelled the former Vice-President on the grounds that his behaviour was insulting.

Sensitivities after the riots were such that shortsighted decisions were made which made Egypt appear somewhat less than a constitutional nation. A court accepted the legality of Hussein's plan to stand again in his constituency by-election. The State appealed against the decision and a little-known body called the constitutional court was resuscitated to quash the decision. In the tense period after the riots one foreign journalist was taken from his hotel room at gunpoint in the middle of the night and put on a plane out of Egypt. A Government spokesman later indicated that the expulsion had been triggered by his writing disrespectfully of the President and the First Lady, leese majesté was cited.

By now major flaws in the structure, style and attitude of the internal political machine became discernible. For years the President had avoided having men around him who might become rivals for power. Advisors unafraid to criticise were replaced by yes-men. Cabinets had been shuffled so frequently that key posts were filled by individuals whose loyalty was unquestioned but whose ability was in doubt. The best men had been used up, as it were, and the lower quality of expertise showed through in most institutions at top level. Mediocrity, some claim, had become the hallmark of the Egyptian administration.

A "circle" had developed around the President. In speeches the President projected the image of the head of the family. He showed himself increasingly sensitive to personal criticism. Surrounded by obedient servants the Presidency in Abdin Palace appeared out of touch. It had become increasingly hard to avoid sensing a tolerance of corruption. This in turn was reflected at lower levels. The jailing of a governor of Cairo in June after a scandal over the use of funds scarcely created a murmur of comment.

But the President was genuinely trying to broaden the base of government. His vision of pluralistic democracy was daring and imaginative. His problem is that he has to super-impose democracy from above.

In order to channel it in the direction he wants, President Sadat is being forced to intervene, in a way which devalues the experiment.

The President wanted to have parties because he had long ago recognised that the Arab Socialist Union ceased to be an accurate political barometer. He hoped that with the 1976 parliamentary elections, which were Egypt's freest ever, he would get himself an Assembly which would be active as a gauge of moods, but still controllable. The Centre group of Prime Minister Mamdouh Salem was so closely identified with the presidency and marshallled such superior resources that it won easily. The Centre group became the ruling government party controlling all but one-sixth of the Parliament.

## Trends

But neither the Centrists, nor the small Right-wing party of Mustafa Kamal Mourad, nor the even smaller Left-wing party of Khaled Mohieddin, one of Nasser's revolutionist collaborators, reflected distinct political trends in the country. These key groups are the Muslim Brotherhood, Communists, trade unionists, the Nasserites and the pre-revolutionary Wafdist, who were only represented among 48 people originally elected in independent tickets. The number of independent seats dropped early in the session when several joined the Centre Party.

Still searching for the formula to create more democratic representation, the President pushed through a Parties Law in June. Provisions of this law would permit the establishment of a fourth party during the life of the current Parliament and multiple parties after 1980. But the President soon showed concern that party pluralism might get out of control.

Earlier this month, an extremist religious Moslem group, Gama'at al-Takfir wa'l-Bijra, claimed responsibility for the kidnapping and murder of Sheikh Hassan Zahabi, a former Minister of Religious Endowments and for some bomb explosions in Cairo. These develop-

ments indicate the risks of forming itself into a party in defiance of the law and the President. The Ikhwaa' al-Muslimin, the banned extremist Muslim Brotherhood, has since last year been producing its own magazine, al Da'wa, obviously with the tacit approval of the President. Surely they would follow suit.

Even an incipient labour movement seems to be developing among the one million or so factory workers in the flush of a very free election in the trade unions last year. This is why he publicly barred the Wafd party from reconstituting. This party, which won independence from British occupation and represented a pure Egyptian party in opposition to King Farouk, retains a strong following inside and outside the People's Assembly. The old Pashas, who the revolution of 1952 set out to destroy, retain much of their traditional following in the villages and attract support from the urban nouveau riche who have grown up in the last four years. This already influential new bourgeoisie could further its interests, still more with a party.

If one party, like the Wafd, with a suitable name and stated objective, were to constitute itself, immense pressure would develop for others to follow. Even last year a movement called the vanguard of the Nasserites was considering publicly

forming itself into a party in defiance of the law and the President. The Ikhwaa' al-Muslimin, the banned extremist Muslim Brotherhood, has since last year been producing its own magazine, al Da'wa, obviously with the tacit approval of the President. Surely they would follow suit.

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## Embarrassing

If the Wafdist formed a party it would be embarrassing for President Sadat to have taken the political wheel full circle with the return of ultra-reactionary pre-revolutionaries. If the formation of further parties got underway their jockeying for position could cause social friction and political unrest.

While party pluralism seems to be gaining its own momentum, the Press remains firmly in line. Editors are appointed by the Government and a succession of newspaper chiefs have been presiding over purges in the past two years which have left the Egyptian media impotent. President Sadat is particu-

larly sensitive about the Press. In few speeches does he fail to remind journalists of their function as part of the establishment. Periodically he lashes out against irresponsible journalists almost in the same breath as attacking communism, atheism and the Soviet Union.

Yet the Egyptian Press almost three years ago passed its equivalent of the "Prague Spring". All the papers and magazines now follow the President's every word and action. When new magazines appear they are more than dutiful in their coverage of matters presidential.

One new magazine is serialising the President's memoirs at length. The latest newspaper called Misr is the weekly organ of the Centre Party. In general, standards of Press reporting are low, editorials are facile, and circulations are dropping. Following the riots the provocative Rose el Youssef magazine was tamed by the sacking of its editor. The Marxist monthly al-Talia received even more severe treatment despite its limited following in Egypt. Overnight it became a magazine of science and household management.

President Sadat's personal outlook on politics is clearly indicated by the frequency of his attacks on the Left-wing.

## FOREIGN AFFAIRS

# Negotiation is the hope of the future

EGYPT IS passing through an exceptional phase in which its domination of events in the Arab world has been reduced. This came about partly by the design. After the successful crossing of the Suez Canal at the beginning of the 1973 war with Israel, and the negotiation through Dr. Kissinger, then U.S. Secretary of State, of two Sinai agreements in 1974 and 1975, there was a sense in which Egypt felt it had earned a rest. During this breathing space, it hoped it would have time to turn attention to internal problems, notably the economy.

The weakness of the economy and the enormous drain on resources caused by defence spending provided a second reason for Egypt's comparative retirement from the front line. Egypt has become increasingly beholden, as one of the poorer Arab states, to aid from countries on the Arabian Peninsula, in particular Saudi Arabia. There is no suggestion that Saudi Arabia or Kuwait demanded a political quid pro quo from Egypt, but the provision of aid on a massive scale has inevitably meant that Egypt has had to take some note of the conservative opinions in Riyadh and Kuwait.

## Vociferous

The Arab reaction to the second Sinai agreement was vociferous on a scale which took Egypt by surprise and produced two important and closely-linked political effects. The first was that Lebanon's economic, social and political structure, which reflected many of the strains and contradictions in the Middle East as a whole, burst open into civil war, deeply involving Syria and distracting the Arabs generally away from the Arab-Israeli conflict. Second, Syria, fearing isolation in the northern part of the Arab world, established a close alliance with Jordan. It was significant that during the most part of the Lebanese civil war, Egypt's policies were largely reactive, mainly criticising Syria or providing a sympathetic ear for the Palestinians when Syrian pressure in Lebanon became too heavy. Relations with Syria became extremely strained and were only restored fully at the Riyadh and Cairo summits in October last year. A mutual agreement was established that Syria would stop criticising Egypt's role in Lebanon if Damascus halted criticism of the Sinai agreements.

The result is now that, with some order restored to Arab ranks, thoughts are turning again to the question of negotiations with Israel and the chances of President Carter being able to force concessions out of Israel. It is an irony, that President Sadat, who has gone further than any other Arab leader in trying to find peace with Israel, now faces, for exactly the same reasons,

several months that may well prove to be the toughest of his career in power. His foreign policy strategy is based for this year on the reconvening of the Geneva peace conference on the Middle East, which met once before briefly in December, 1973. President Sadat needs, almost at any cost, a conference which can be presented as a sign that diplomatic progress is being made. Mr. Sadat has few illusions that the meeting itself can produce dramatic results. As he said in an interview with British Independent Television in June: "In 1974 we must at least begin drawing up a framework for an overall solution to the problem. This depends on Israel's attitude towards the Geneva Middle East Conference. I believe we can take our decision in the year 1978."

On the other hand, a failure to get a Geneva conference convened or an unsuccessful conference could jeopardise Mr. Sadat's domestic position and undermine the reason for his turning away from the Soviet Union and close alliance with the United States.

Egypt's relations with the superpowers is complicated. President Sadat's dislike of Moscow seems at times instinctive and emotional. The landmarks of the decline in relations are well known: the dismissal in 1972 of the military advisers, and the termination in March last year of the 15-year treaty of friendship and co-operation before it was even five years old. His main current complaints have been that the Soviet Union refuses to renege on its military commitments worth about \$4bn., and that it has withheld arms supplies and even prevented third countries such as India from supplying spares.

In June, Mr. Ismail Fahmi, the Foreign Minister, went to Moscow for talks with his counterpart, Mr. Gromyko—to start the process of rapprochement. But since then President Sadat has said publicly that he did not want left-wing politicians in positions of responsibility and that they must be Egyptian, not Soviet, in their loyalties. He praised China for sending military spare parts.

The Information Ministry took the excuse of an erroneous report by the semi-official Hing, as Israel's leadership passed from Mr. Rabin, to Mr. Peres and then to Mr. Begin, that from the Arab point of view there was basically little to choose between the three, it has increased Mr. Sadat's dependence on the U.S., putting pressure on Israel to withdraw from the occupied territories. Not least, in the Arab world, there is no disagreement on the shape of a final settlement, and he needs both as co-chairman of the Geneva conference.

By contrast, Egypt's relations with the U.S. since the 1973 war have become increasingly close. Mr. Sadat visited the country in

April. He looks entirely to Washington, which, as he has said, "holds 99 per cent of the cards in this game in its hands". He is bringing pressure on Israel to make concessions, and yet there are areas in which the two countries would seem to be out of step. Egypt views as far more sinister the Soviet Union's activities in Africa, and this motivated Mr. Sadat to send about 100 air technicians and pilots to support President Mobutu of Zaïre against the revolt in Shaba province.

This move linked Egypt firmly with Morocco, which sent a larger army contingent, and Mr. Sadat has frequently cited Soviet activities in Zaïre and Ethiopia as threatening Sudan—and thus Egypt. In January, Egypt formally signed a defence pact with Sudan.

There could be difficulties in getting a Geneva conference started because of the question of Palestinian representation. Israel opposes any change to the original line up of delegations—Egypt, Syria, Jordan, and Israel—and excludes separate representation for the Palestinians. But within the Arab ranks there is disagreement. Various alternatives have been mooted, from a Palestinian delegation to its absorption within a single Arab delegation. Earlier this month King Hussein of Jordan and Mr. Sadat disagreed over a suggestion that there should be a link between Jordan and the Palestinians to enable the latter to attend the opening of the conference as part of the former's delegation. The Palestine Liberation Organisation condemned this suggestion, too. If this deadlock persists, Egypt will be faced with the difficult choice of whether to insist on the Palestinians being at Geneva from the start and risk the conference not being held, or beginning the conference at any cost with the hope of having them instated later.

## Increased

What alternative has Mr. Sadat? The election of Mr. Menachem Begin's hard-line Likud Government in Israel's last elections has undoubtedly increased his problems, even though he wisely adopted the Hing, as Israel's leadership passed from Mr. Rabin, to Mr. Peres and then to Mr. Begin, that from the Arab point of view there was basically little to choose between the three, it has increased Mr. Sadat's dependence on the U.S., putting pressure on Israel to withdraw from the occupied territories. Not least, in the Arab world, there is no disagreement on the shape of a final settlement, and he needs both as co-chairman of the Geneva conference.

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Speeches warn that the Left Party must be Egyptian not a Soviet left. This fits his genuine personal dislike of Soviet Communism and Mo which he attacks loudly frequently. His gut-reaction against Communism is or his least pragmatic point only because he needs Russians for a Geneva conference but he has been unable to offer his army real alternative arms spy The obsessive search for a Zionist plot behind the shows how gut-reaction affect political judgment. In a career chequered with crises but punctuated by triumphs, some of Mr. S worst moments were link events outside his control others—like the January 1977—were largely of his own making. The last great dam faced, the 1972 protests a "no peace, no war," led to his two great decisions, the expulsion of Russian military advisers the launching of the 1973 War. Both acts were colossal gambles. His inspiration since January 1973 has been to expose, in his own words, the "rot" of the Arab world. He has not done it, but it is hard to see, particularly if a peace conference is held, how he can do it.

President Sadat's personal outlook on politics is clearly indicated by the frequency of his attacks on the Left-wing.

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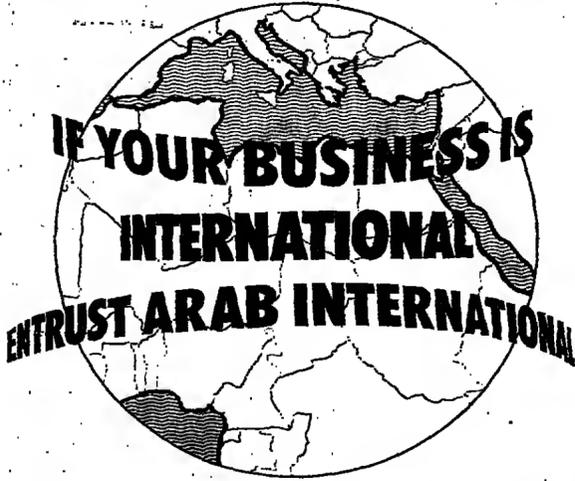
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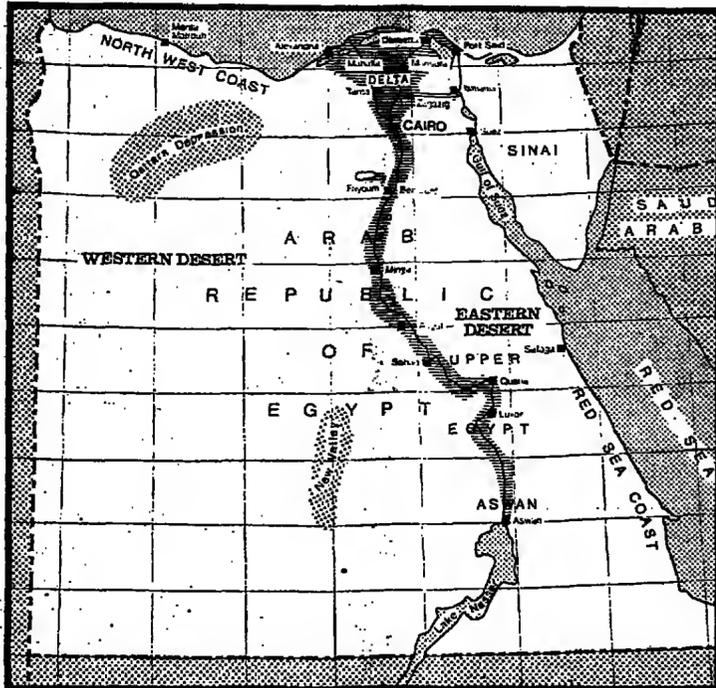
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# Egypt launches the most imaginative development programme of its kind in the world today.



Since the events of October 1973, the Arab Republic of Egypt has been moving towards the future with broad and imaginative commitments for the economic development of the country, and the welfare and prosperity of the Egyptian people, with a new open door policy, both internally and externally.

The aim of the government is to promote rapid economic growth through industrialisation and tourism, founded on the encouragement of local enterprise, Arab and foreign investment, the import of advanced technology from the developed nations, and the creation of free trade zones.

### The problems

Emphasis was initially placed on the restoration of normal life to the Suez Canal Zone, which suffered considerable damage during the June 1967 war. However, the effects of war destruction were also heavily felt at the national level.

The diversion of resources from the economy, impelled by a decade of defence and war economy, left no significant margin for raising the standard of living. Egypt's industrial structure suffered badly from little or no maintenance, lack of parts and components, and essentially no advances in technology.

Basic public services and infrastructure in Cairo and other major cities have lagged far behind demands, and it has been difficult to maintain, let alone improve, existing services with the continuous increase of population pressure and congestion in the cities. Egypt's total area is just over one million square kilometres and its present population is 30 million. Such a population density would be acceptable if it were not for the fact that most of Egypt is desert - only about 3% of the land, largely along the Nile Valley, is habitable, which means that population density in this productive strip is 1,230 persons per sq. km.

Egypt's economy in the past decade is a classic example of how high expenditure for defence and war can stifle social and economic development and ultimately bring that process to an end.

Strong, imaginative and comprehensive measures were urgently called for, which led to

the launch of one of the most imaginative development programmes of its kind in the world today.

### The solutions

In March 1974 a high level Advisory Committee was formed to undertake immediate planning for a massive reconstruction and development programme to accommodate Egypt's long range growth needs for the next 25 years.

With maximum co-ordination between all concerned, the programme laid the foundations of five ambitious aims:

to recover rapidly from physical damages in the Suez Canal Region;

to "remake the map of Egypt" through efforts to divert growth from the crowded cities of Cairo and Alexandria, and to arrest the encroachment on limited arable areas in the Delta and Nile Valley through development of the Suez Canal, coastal zones of the Western and Eastern Deserts, Sinai Peninsula and the satellite desert cities around Cairo;

to develop massive land reclamation projects with particular emphasis on agro-industrial operations designed to exploit the export potentials of Egypt's fruit, vegetables and other crops;

to overcome the effects of long years of neglecting the country's infrastructure, starting with the development of the entrances to Greater Cairo, and master planning of wastewater and water supply facilities in the major cities;

to develop the construction industry, through industrialisation of the building sector and development of the construction materials industry, thereby meeting the increasing demand in the domestic market while allowing a surplus for export.

### International co-operation

To provide as wide a range of expertise and experience as possible in preparing and implementing this programme, the Ministry has adopted a policy of engaging leading international and Egyptian consulting firms to work together in this task.

For example, the process of evaluating proposals was reviewed by an international panel of planning experts, whose selection was assisted by five major developed countries: France, Germany, Italy, United Kingdom and United States.

This basis of international co-operation has already borne fruit, and remarkable achievements have been made since July 1976. If any physical example were needed of the changes that Egypt's new open door policy is having on the country, then the progress and exciting prospects that this programme is making possible must rank as one of the most significant.



## ARAB REPUBLIC OF EGYPT

Ministry of Housing and Reconstruction

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# Two chronic ailments remain

IT TAKES AN Egyptian worker nearly all available foreign currency. This meant spare parts and new equipment could not be bought for factories. In 1974 many factories were only operating at one-third capacity.

Overrunning and unused capacity are the two chronic ailments of Egyptian industry. Overrunning is the heritage of President Nasser who saw the industrialisation of Egypt not as a means of boosting national income but also of creating full employment.

The history of unused and overrunning equipment dates from 1967 when a large part of the nation's resources were directed into the military effort. A similar slump in civilian industry occurred in 1972 and 1973 when defence absorbed

employment for 1m. people, including 29 chairmen of companies suddenly removed from their posts for inefficiency or failing to reach targets. It is difficult to assess the results of the purge but it seems to have created insecurity throughout the public sector. The dismissal of Mr. Taha Zaki, the head of Kima Chemicals, was particularly unexpected since Mr. Zaki had in the past been tipped as a future Minister of Industry.

In June the cabinet began to study the sale of shares in public sector companies. Meanwhile, the General Organisation for Industrialisation (GOI) remained in full operation employing thirteen hundred people to evaluate new ventures in industrial invest-

ment. But foreign investors have often complained that GOI works at odds with the foreign investment authority. Abolishing the organisations was meant to give more freedom of decision and management responsibility to the boards of public companies. But the economic councils and technical secretariats replacing them appear to retain control over production targets while the Ministry of Supply controls pricing of goods. The new boards have the power to raise capital but not to lay off excess labour, or to relate prices to production costs. Yet they are meant to accept responsibility for meeting targets.

These moves were intended as part of a decentralisation programme but this action seems to have been done with no particular purpose or logic. It in fact scattered responsibility for industrial production generally across the cabinet table. The Ministry of Industry does not supervise weapons production, cotton ginning, flour milling, bakery production, tea packing, pharmaceutical production, iron mining or village industries: all of which come under the control of different

ministries or departments. Last year wines and spirits were taken under the control of the Ministry of Agriculture, the cement industry fell to the Ministry of Housing, and paper production went to the Ministry of Information.

More recently public employees must have been equally mystified to learn that the cabinet was again discussing selling shares in the public companies. Because of lack of interest in the past, newspapers reported that the government would begin by selling equity in public companies which already have private participation (in housing, tourism and construction). If this sets the future pattern then the public sector will be left with all the unprofitable activities. This will be bad for the health and confidence of government-owned industry which will remain much larger than private industry for many years to come.

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## Output

Massive short-term borrowing and use of supplier credits brought things almost back to normal after 1974 when equipment was imported and stocks of intermediate goods were replenished. Last year's stocks fell again with the acute shortage of foreign exchange, with the result that much of the plant and machinery imported during the 1974-75 period has not yet been put fully into use.

Egyptian industry provides

Industrial output reflects the pattern of the 1950s and 1960s when Egypt developed import substitute industries. Production still concentrates on basic consumer goods and vital intermediate goods like building materials, metals and fertilisers. Machinery and equipment have traditionally been imported rather than produced domestic-

For two years the government has been tinkering with the administration of the public companies particularly as it acknowledges that the running of heavy industry must be made more efficient. Changes so far however, make it look as if the government is using trial and error, and that overall direction and co-ordination is hazy.

For example, late in 1975 most of the general organisations which laid down policy for public companies were abolished; later technical secretariats replaced them. In 1976 a number of factories were shifted from the Ministry of Industry to other ministries. In February this year a major purge swept through the top management of industry.

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## PLANNING

# Hand-to-mouth operation

WHEN Dr. Abdel Moneim Kaisouni, Egypt's deputy Prime Minister for Economic and Financial Affairs, told the meeting of his country's creditors in Paris last May that the new five-year development plan was to be finally submitted to the People's Assembly in August, the Egyptian delegate was heard to exclaim with local sarcasm: "which year?" It was a comment which was taken as a jest. But it does illustrate that behind the Kaisouni's pronouncement of the 1976-80 plan represents a revival of medium-term planning in Egypt after the lapse of a considerable number of years. There have been considerable difficulties. Indeed the plan, accompanying the Eurodollar loan to Egypt, managed by Chase Manhattan, dated March of this year, mentions that "The Plan is expected to be finalised in late 1976."

	1976	1980	Average annual growth rate (%)
Gross domestic product*	5,160	7,431	9.6
Indirect taxes	800	1,100	8.3
Subsidies	462	150	-
GDP at market prices	5,498	8,382	11.0
Terms of trade effect	15	25	-
Gross domestic income	5,513	8,407	11.0
Imports (1975: £E2.0bn.)	1,696	3,158	16.8†
Exports (1975: £E1.0bn.)	1,269	3,900	22.0
Resource gap (1975: £E1.0bn.)	427	358	-
Consumption	4,354	6,835	8.8
Investments	1,096	1,990	15.4
Total resource allocation	5,940	8,795	10.2
Gross domestic savings	659	1,572	23.0

\* At factor cost. † For the period 1975-80 the average annual growth rate is 9 per cent. Source: Ministry of Planning.

bulk of investment expenditures proposed for the 1976-80 Plan appeared at Paris in Egypt's "Memorandum on Programs suggested for basic commodities. (It is surprising, too, that Dr. Abdel-Razzak Abdel-Meguid, the Planning Minister, will be leaving shortly to take up a post with the UN in New York.) But the plan has now been established with a detailed computer model taking into account 419 variables, and compiled in 14 volumes.

Egypt has had only one other five-year plan from 1960-61 to 1964-65, during which it was intended to invest £E1.64bn. The major allocations were to agriculture and the manufacturing sector, each with 23.4 per cent, and to transport and communications with 16.4 per cent. The immediate aim was to raise the level of national income by 40 per cent.

Then as now it stimulated an extensive examination of the structure of Egypt's economy and sizeable statistical output since last November that a clearly able team of economists

completed several months after the beginning of the relevant year, which hampered the Planning Ministry's ability to advise or direct them. As a result the guiding of economic policy fell into the hands of other individual ministries. In the end it fell short of its targets, but nevertheless achieved an implied growth rate of 6.4 per cent.

The plan also bears the marks of IMF advice. The economy is to be gradually restructured with decentralisation and regional development, the elimination of subsidies and dismantling of the public sector.

Egypt's planners are fully aware of the possible pitfalls. The World Bank has pointed out that "substantially" higher levels of investment than those before will be required, and that projects will have to be more carefully evaluated, and administrative bottlenecks eliminated. Perhaps the most crucial test of the plan will be to provide evidence that while Egypt's short-term prospects are little less than grim, the long-term potential is good, and its intentions to make this plan succeed determined. For without this last ingredient, there will be reluctance on the part of Arab and western donors to provide the foreign capital needed.

Somehow optimistically the plan aims at financing from domestic resources to rise from 60 per cent in 1976 to 80 per cent in 1980, and crucial areas will be the measures taken to stabilise increases in public and private consumption, and to mobilise private savings particularly into productive projects.

In addition, the domestic earnings from which Egypt hopes for finance are the petroleum sector, remittances from workers, the Suez Canal and tourism. Broadly, it is hoped that each of these sectors will be earning \$1bn. by 1980. Nevertheless Egypt's foreign exchange

deficit is to rise from \$1.1bn. in 1976 to \$900m. in 1980. Total consumption (at market prices) is to rise from £E4.9bn. to £E6.8bn. by 8.8 per cent. (and by 7.1 per cent. when subsidies are excluded).

requirements between 1977 and 1980 will total \$13.1bn., starting with \$5.4bn. in 1977 and falling to \$2.3bn. in 1980. Dr. Kaisouni hopes that during this period the burden of external debts will decrease from about 90 per cent of the value of exports to around 29 per cent.

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## GROSS VALUE OF INDUSTRIAL PRODUCTION (£Em. at current prices)

	1972	1973	1974	1975	1976
Spinning and weaving products	525.4	546.9	603.3	690.2	750.0
Private sector	306.9	411.1	453.3	503.9	550.0
Public sector	129.5	135.8	145.0	186.3	200.0
Foodstuffs	518.5	561.0	608.6	698.0	750.0
Private sector	410.0†	445.5†	481.6	548.4	600.0
Public sector	108.5	115.5	127.0	149.6	150.0
Chemicals	128.1	139.7	195.5	267.4	300.0
Private sector	102.3†	101.4†	153.4	207.1	250.0
Public sector	25.8	38.3	42.1	60.3	50.0
Engineering products	145.2	141.4	175.6	220.5	250.0
Private sector	118.6	111.4	139.8	180.4	200.0
Public sector	26.6	30.0	35.8	40.1	50.0
Metalurgical products	105.1	102.7	144.0	165.0	200.0
Private sector	98.5	92.7	131.2	147.5	180.0
Public sector	6.6	10.0	12.8	17.5	20.0
Building materials	58.5	62.6	72.1	93.4	100.0
Private sector	49.3†	51.6†	59.3	76.3	80.0
Public sector	9.2	11.0	12.8	16.6	20.0
Mining products (public sector)	7.1	7.2†	5.7	7.0	8.0
Woodworking products (private sector)	36.0	38.6	39.5	126.4	150.0
Leather products (private sector)	39.0	56.3	99.5	226.9	250.0
Total	1,569.9	1,658.9	1,904.3	2,267.9	2,500.0
Private sector	1,181.7	1,220.9	1,429.3	1,671.1	1,800.0
Public sector	388.2	438.0	475.0	596.8	700.0

Covers only industries under the supervision of the Ministry of Industry and Mining. Industrial classification is according to supervising organisation. Does not cover national defence production, cotton ginning, flour milling, bakery production, tea packing, printing, pharmaceutical production, iron ore mining, or production of rural industries and handicrafts.

† Mining products, shown separately here, are included with foodstuffs (for example, salt) and building materials (for example, lime) in usual classification according to supervising organisation.

Includes transportation equipment and other machinery and equipment.

Source: Ministry of Industry and Mining.

## RECONSTRUCTION

# New towns policy

THREE YEARS ago President Sadat suggested as one solution to Egypt's problem of overcrowding in the habitable regions an "exodus to the desert." This is being achieved in part by the creation of new towns, particularly around Cairo, but one of the most successful schemes has been the redevelopment of the Suez Canal Zone.

President Sadat, less than a month after the 1973 Arab-Israeli war, created a Ministry for Reconstruction whose task he defined as rebuilding and reconstructing the Canal area. This had borne the brunt of three wars with Israel and a war of attrition after the 1967 war which damaged 80 per cent of homes and buildings. Mr. Sadat, who appointed Mr. Osman Ahmed Osman as the first Minister (he was succeeded in November 1976 by Mr. Hassan Mohammed Hassan) set the second task of the Ministry would be to develop the Suez Canal and Sinai Peninsula to accommodate at least 1m. young Egyptians, restoration of damaged build-

ings, new suburbs have been built—King Feisal in Suez and Sheikh Zayid in Ismailia, named after their sponsors, the late King of Saudi Arabia and the current ruler of the United Arab Emirates respectively.

In all more than 50,000 housing units were restored and more than 22,000 new units built in the area. Well over 200 schools have been rebuilt and more than 20 new ones were put up; more than 40 hospitals and 400 government buildings have been restored. Water supplies, sewerage networks and electrical generating units have been repaired and/or renewed.

The foundation stone of a new university was laid near Ismailia as the nucleus of regional specialised universities. Its students are to study mainly oil exploration, petrochemicals, fisheries and the oceanographic and land reclamation fields.

Work is under way in the Canal Zone—£E22.1m. will be spent on the completion of the three tunnels, scheduled to be completed in 1978. Two additional tunnels are being planned and contemplated at a later date.

Housing, commerce and industry in the Canal Zone for the lion's share—£E1.25bn. respectively. Under the plans \$500.0m. are to be reclaimed, which will be used for the about 8 per cent of the cultivable area. Adjoining coastal areas of the Gulf of Suez, the Red Sea, as well as inland lakes, are to be opened through promotion of fisheries, shipbuilding, repairing recreational facilities and tourism.

The plans aim to increase power capacity from 3,700 MW to 6,000 MW, and to increase power lines from 7,500 km to 111,000 km by the year 2000. Resources are considered sufficient and the digging of a sweetwater canal would help on future developments.

The plans envisage the use of the vast desert adjacent to the Nile Valley and the Delta and also far from both.

A massive reconstruction and development programme was drawn up by the Ministry with the help of foreign experts to develop the Canal area (as well as the coastal zones of the Western and Eastern Deserts, the Sinai Peninsula and the satellite desert cities around Cairo).

Regional and master plans for the Canal Zone will cost £E4.78bn. and provide for the accommodation of more than 2.2m. people by the year 2000. This would be in addition to the construction of three tunnels

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## SECTORAL OUTPUT TARGETS (at constant 1975 prices, in £Em.)

	Actual 1975	Actual 1976	Actual 1977	Planned 1978	Planned 1979	Planned 1980	Average Annual Growth Rate
Agriculture	2,052	2,116	2,182	2,247	2,315	2,384	3
Industry and mining	3,332	3,449	3,685	4,103	4,595	5,145	12
Oil and products	385	581	598	747	859	989	15
Power	90	100	123	145	171	200	17
Construction	485	416	513	589	678	780	15
Transport and communications	42	146	300	230	264	304	15
Trade and other services	300	371	456	501	551	606	10
Total gross output*	2,612	2,820	3,190	3,410	3,751	4,126	10
Annual growth rate (%)		7.9	8.8	9.5	10.1	10.2	

\* Due to rounding, totals may not add up. Source: Ministry of Planning

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# Now a net exporter

HAD always felt that Libya to the east and Arabi to the west have been blessed with oil resources, while its comparatively rich Egyptian Government has been particularly successful since 1973, in counter nature's meanness. In 1975 it became the first net exporter of oil on the Gulf of Suez. But EGPC has set its sights on more than \$1bn. in important contributions to the balance of payments. Officials of the Egyptian Petroleum Corporation, which supervises oil production and marketing, and its products, that only between 80 per cent of that target met. Nevertheless, in an exploration over the next 12 years.

## Exploration

But as this for the moment is more of an exploration rather than production exercise, there is likely to be a high level of relinquishments. At the end of June Conoco under a farm-out agreement sold one-third of its interests in this area to Marathon and Shell. Conoco has also been awarded since a 90,000 square kilometres production-sharing tract to the north in the Western Desert.

According to the EGPC monthly magazine, al-Biur, crude oil production in 1978 totalled 16.6m. tonnes (328,362 b/d), representing a 41 per cent increase over the previous year. It included 3.5m. tonnes from Israel at the end of 1975. This was, however, somewhat below the estimates for that year because of drilling problems, mainly in the July and Ramadan fields.

The output of gas and distillates amounted to 115,000 tons, representing a mere 32 per cent of the target production. Crude oil production at 10.4m. tons represented an increase over estimates, and represented a rise of 20.9 per cent over 1975. Local consumption of petroleum products was 8m. tons.

In oil Egypt had a trade surplus of \$E122m. (\$312m.) compared with a deficit of \$E22m. (\$66m.) in 1975.

A total of 70 wells were drilled in 1978, 35 of which were exploration wells (19 offshore in the Gulf of Suez, the Red Sea and Mediterranean), and 16 onshore in the Nile Delta and the Western and Eastern Desert. The remaining 35 were development wells.

While 1976 looks to have been a turning point in terms of the oil balance of payments, Egypt's oil fortunes had previously been very mixed. Production dropped after Israel's occupation of Sinai in 1967. EGPC officials, while claiming compensation from Israel, concede that Israel did not over-exploit these fields, then rose to a record 16.4m. tonnes in 1970-71. But in spite of discoveries in the Western Desert at El Alamein, Abu Ghadir, Yidma and Razzak, production fell to a low of 7.5m. tonnes in 1974 as a result of a drop in the reservoir pressure at Morgan and because of temporary shutdown of the Red Sea fields in the 1973 war.

This year, the oil sector is to spend \$E240m. (\$598m.) on exploration and development, and \$E140m. of this is to come from foreign companies. The surplus is expected to total \$E210m. Production is scheduled to reach 440,000 b/d, and for the first two months of this year it averaged about 350,000 b/d. It is planned to drill some 41 exploratory wells.

Longer-term development plans concentrate on raising production to 470,000 b/d, of which 520,000 b/d are to come from the Morgan, Ramadan and July fields in the Gulf of Suez. These are currently undergoing extensive development drilling and water injection programmes, which started in 1976. Last year they produced respectively 95,000 b/d from Morgan and 50,000 b/d from each of Ramadan and July.

Two discoveries in blocks 383 and 300 have been made near the Morgan and July fields and are due to be producing 70,000 b/d next year and 150,000 b/d thereafter. The present oil

blend from the main Gulf of Suez fields is about 32 degrees API with a sulphur content of between 1.4 and 1.5 per cent.

Other prospects in the Gulf of Suez include a new discovery offshore by Amoco from the Sinai territory released by Israel. However, Amoco's exploration in its South Belayim and South Ghaz concessions—awarded at the end of 1974—have been halted since the Israeli navy last September drove off the Santa Fe drilling ship Marioro 1—engaged on behalf of Amoco and the EGPC.

Israel claims jurisdiction over the eastern half of the 18-mile-wide Gulf up to the median line from the Sinai shore it controls, and has engaged a U.S.-controlled company, Neptune, to work the area. The U.S. has criticised Israeli actions and maintains that Amoco has the right to drill for oil up to a line three miles from the Israeli-occupied territory.

The Abu Rudcis fields (onshore and offshore, where the oil is 28 degrees API with a sulphur content of 2.1 per cent.) are currently producing at the rate of 75,000 b/d and are expected to reach the 1986 levels of 85,000 b/d by the end of the year. The remaining current production comes from the Eastern Desert (38,000 b/d) and the Western Desert about 30,000 b/d.

On other territory east of the Suez Canal recovered from Israel three agreements have been concluded with Agip, Gulf Oil and Conoco, covering areas onshore and off.

Although Egypt is now firmly an oil exporter, it has little intention of joining OPEC since it finds it more convenient to follow market prices freely. Bearing in mind the varying gravity ratings of its crudes, Egypt raised the prices of some crudes by 5 per cent and others by between 7 and 8 per cent, following the two-tier price split in OPEC from the beginning of 1977. The current prices for the Belayim blend are \$11.40 and for Morgan \$12.52 per barrel.

Egypt's earnings from oil are likely to be increased eventually by the 210-mile double 42-in. oil pipeline between Ain Sukhna on the Gulf of Suez to Sidi Kreir, west of Alexandria. Samed, as the line is known, came into operation this year after tests last December. The project, which eventually cost about \$500m., had been under consideration since just after the 1967 war, but was eventually built by a consortium led by the Italian company Montedison. It is controlled by the Arab Petroleum Pipelines Company, formed in 1974 with a capital of \$400m. split among EGPC, which holds 50 per cent, the national oil companies of Saudi Arabia, Abu Dhabi and Qatar, and several Kuwaiti interests. The foremost of which is the Kuwait Foreign Trading, Contracting and Investment Company.

So far firm throughput contracts, at the rate of \$1.80 per ton for the pipeline whose initial capacity is 80m. tonnes a year, have been concluded with Exxon (for 150,000 b/d),

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### EGYPT'S OIL BALANCE OF PAYMENTS

Year	Crude Oil Production (m. tons)	Oil Balance of Payments (£m.)	\$m.
1970	16.3	-17.5	-40.2
1971	14.8	-18.5	-42.5
1972	10.7	-23.4	-53.8
1973	8.5	-46.5	-118.8
1974	7.5	-91.7	-234.3
1975	11.8	-26.0	-66.4
1976	16.8	+122.0	+311.8
1977	22.5	+210.0	+536.7
1980	50.0	+450.0	+1150.0

\* Converted at: £E1 = \$2.30 in 1970-72; £E1 = \$2.5566 in 1973-80. Source: Middle East Economic Survey.

ECONSTRUCTION LOW IN COSTS

## POWER

# Plagued by shortages

As the Egyptian economy enters a period of rapid growth, the power supply is being stretched to its limits. The Ministry of Power has ordered gas turbines as a short term solution to the problem. The rest of the country is currently confronted with a serious power shortage.

The worst power cuts occur during December and January when the volume of water released through the High Dam is at its lowest in order to reduce the water level downstream and permit the cleaning of canals all over Egypt. For these two months the Dam's turbines produce less than 900 MW and the country-wide power shortfall rises to 50 per cent.

This has serious consequences for industry because plans must be based on the minimum power output which can be guaranteed all the year round. The Ministry of Power has ordered gas turbines as a short term solution to the problem. The rest of the country is currently confronted with a serious power shortage.

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ment breaks down frequently, stations are due to begin functioning before 1980. At the end of next year a 220 MW conventional station should be finished at Kafr El Dawar. France is helping to build a 608 MW steam turbine station at Abu Kir, on the Mediterranean coast near Alexandria. West German and American help has been enlisted for a 300 MW station at Suez while the contract for a 300 MW unit at Ismailia has been signed with \$100m. backing from U.S. AID.

### Dwarfed

Conventional power from these projects, however, is dwarfed by the optimistic projections from the Ministry of Power which hopes nuclear power will be the major supplier by the 1990s. Their calculations show the first nuclear power station as being ready in 1983.

This seems unlikely. In March this year, Westinghouse signed a letter of intent to build a 600 MW pressurised water reactor (PWR) at Alexandria. Contracts cannot be signed until the U.S. and Egyptian governments have signed a co-operation agreement, a matter which is being considered by the Carter Administration. If the U.S. agrees work could begin this year and the station could be completed in 1984. One snag most of the year officials admit that total cost of the project is \$350m. to an estimated \$600m.

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ive choices for Egypt, the government's new prestige project, the Qatara Depression Scheme, is even more so. The Ministry of Power still nurses hopes of generating electricity from turbines in seawater canals between the Mediterranean and the Qatara Depression.

For more than a year West German experts, financed by their government, have been studying the proposal which was first mooted 50 years ago. After one year of study and a German-Egyptian difference of interpretation of the findings, political embarrassment was avoided when West Germany agreed to finance another year of study.

Though the matter is shrouded in diplomatic secrecy, it is understood that the Egyptian government did not like the German conclusion that the Qatara Scheme was too expensive to be practical—Qatara electricity would cost one-third as much again as nuclear power. The Egyptians take the view that the project cannot be studied simply as one of power generation.

The lobby favouring the scheme makes claims for its economic benefits unjustified so far by serious study. To hear senior officials talk of chemical industry, plantations, tourism, and even floating oil rigs on the proposed Qatara lake as though they were the subject of the feasibility study, one is reminded of the exaggerated claims made for the Aswan High Dam a decade ago.

M.T.

# Lack of investment

EGYPTIAN agriculture has been in decline for some time. Two years ago the industry slid for the first time into a net trade deficit when the total cost of agricultural imports exceeded exports. Egypt is becoming progressively less able to feed itself and is not making the investment needed to check the decline.

From any angle agriculture is the most important sector of the economy. Although it occupies only 31 per cent of the land area, along the Nile Valley, it employs almost half the labour force, and accounts for 28 per cent of Gross Domestic Product and 60 per cent of exports.

Cultivation is almost all carried on by the private sector, the revolutionary reforms having cut back the maximum size of individual holdings but without nationalising the land. Nevertheless almost half the land is owned by less than one tenth of the farmers, these landowners by custom leasing a proportion of the land to the fellahen (peasants) at controlled rents.

Central government control is rigid and mandatory crop rotations are enforced on about

one third of the land. Selling prices are below world levels. This reflects a policy fundamental to Government economic strategy: that profits from agriculture should finance the country's industrialisation, through what is sometimes regarded as an indirect tax on agriculture. The Government creams off the difference between prices paid to farmers for major crops, like cotton and rice, and world selling prices. Since it distributes and sells imported wheat and flour at subsidised prices, farmers are denied the market value of home-grown wheat for which they are paid the low fixed Government rate.

Policy tends to run in cycles as successive Agriculture Ministers stress either food production or cash crops for export. However, the small arable land area means that adjustments from one crop to another do not disturb the broad pattern. Cotton, wheat and maize are grown on about 4m. acres in roughly equal proportions, with rice given 1m. acres and other crops, like vegetables and fruits, smaller areas. Total cultivable land is 6m. acres but multiple cropping and the system of rotation give a cropped area of more than 10m. acres.

The deterioration in agricultural output has both physical and structural causes. Rising water tables mean the soil is waterlogged in many places just under the surface. The soil water excludes air from the roots, inhibiting growth. Growth is further inhibited by high concentrations of salt associated with the rising water tables. For a simple explanation of a complex situation one can say that since perennial irrigation was made possible by completion of the Aswan High Dam, Egypt's entire arable area has been subject to over-watering. Water which is not taken up by plant roots and is not drained off seeps down, eventually raising the water table. The excess water also washes out salts from the soil, increasing the salinity of the water.

**Inefficient**

The animal sector is inefficient because draught animals consume as much feed as would dairy or beef cattle but are far less productive.

This inefficiency has only been recognised in recent years, but the average Egyptian farmer has yet to appreciate it. Egypt has 4m. to 5m. draught animals (horses, donkeys and buffalo) which consume, according to official figures, the output of one third of the agricultural acreage. This is a slight exaggeration since the Ministry of Agriculture includes in the calculation—besides feed grains—wheat, rice and cotton on the grounds that the animals eat straw, rice bran and cotton seed. These crops would of course be grown anyway.

In theory meat milk output would increase enormously if draught animals were replaced by mechanical power. In their

place high yield beef and dairy cattle could be husbanded. A West German-run experiment with Friesian cows on an experimental farm in the Delta has demonstrated that pedigree cattle can do well in Egypt. However, the extension services, follow-up and high costs make wider application problematical.

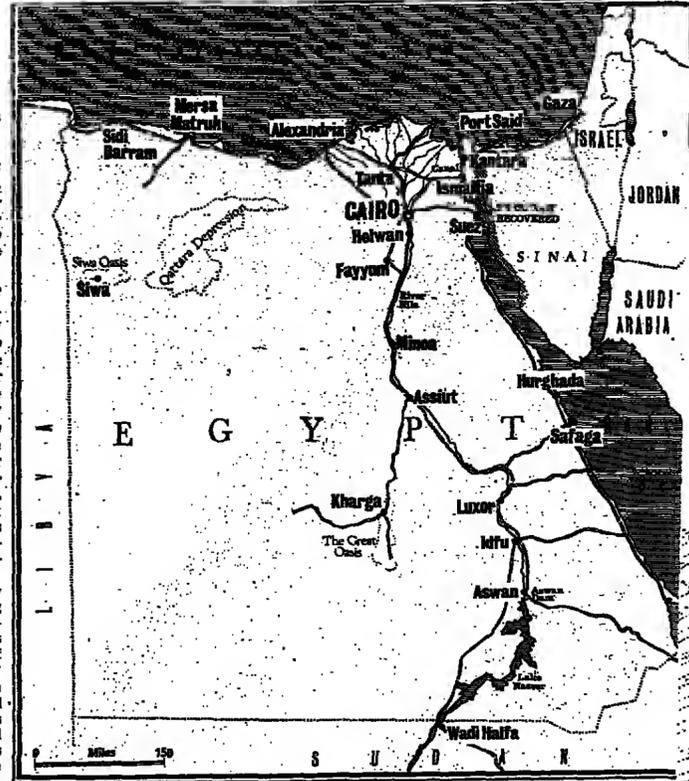
The importance of raising meat production is recognised by the Government, which last year introduced big tax incentives. Both poultry production and cattle breeding are freed from taxes for five years in a drive to push up production. This will save on imported meat.

Streamlining the animal stock in Egypt would help demonstrably, American experts estimate that a high quality animal gives up to five times as much meat for the same amount of feed as a low quality one. Chickens also give very high meat returns on feed input and pigs are the next most economic.

Perhaps because agriculture has historically supported Egypt without difficulty and in the past given huge returns, the Government has leaned on the sector in the drive towards industrialisation. In the past seven years agriculture has been allocated less and less in capital investment. In 1975 agriculture was only permitted an 8 per cent share.

The Government recognises the problem but in the much delayed 1976-80 five year plan the sector still receives only about 10 per cent. There seems no doubt that the progressive decline in investment is linked to the drop in agricultural growth—currently estimated at 2 per cent a year in real terms, which is less than the growth in population.

Foreign advisers are concerned that if traditional agricultural services (extension draught animals were replaced services, research, co-operatives) do not receive more



money, the investments of the last several years will not yield what they should. It is almost a political problem. Agriculture is not a fashionable activity. The drive and energy of individual members of the Government is more often put into prestige projects, which give their patrons more kudos.

Agricultural credits have stagnated in the past 10 years. Money has been increasingly drawn from long-term credit to the short-term as farmers have applied for loans to pay for fertilisers. The latter have become increasingly necessary since the Nile silt ceased to be spread over the fields by the seasonal flood. When fertiliser is available in sufficient quantities the effect can be dramatic, especially with hybrid wheat varieties. But the benefit is frequently reduced by the widespread increase in water-logging.

The effects of the centrally administered price and cropping system are far-reaching, especially on the old lands (as opposed to reclaimed land) of the Nile Valley.

Each year the farmer is given directives as to what he should grow on much of his land. (Less than one-tenth of the cultivated land is under crops like vines and orchards which exempt the farmer from the directives.) Prices for cotton, wheat and rice and the other main crops are set so low that the farmers' profits are strictly limited. Only livestock products—beef, mutton (clover) for animal feed, fruit and vegetables are exempt from price control. For this reason truck farming and animal feeding are the most profitable activities and farmers persistently evade full application of the crop patterns imposed on them.

The richer farmers can escape crop directives because

they have the capital to plant those crops which take them out of the controlled rotation patterns. These fixed crops, like oranges or grapes, make more money. Poor farmers tend to get stuck with the less profitable cotton.

The price of the fodder crop, 'berseem', has tripled in recent years and although it is against the law to irrigate this crop after May 10, farmers often try to squeeze in a second cutting before planting their cotton. The cotton yields less because

Worse, the clover provides a habitat for a moth which lays its eggs on the cotton plants—eggs which hatch to become the destructive cotton leaf worm. To sum up, the farmer is attracted away from traditional crop patterns by profits, but if he is a poor smallholder he lacks the money to switch. He is required to grow the traditional crops but can only make reasonable profits if he cuts corners and ignores directives. It is difficult to see how the decline in agriculture will reverse as long as the Government places the sector so low in the list of investment priorities. Perhaps the indicator of the seriousness of that decline is the accompanying table drawn from official data showing production of Egypt's main crops. The declines over the last 10 years range between 2.5 per cent for maize and 7.6 per cent for rice.

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## COTTON Growers need incentives

TENS OF THOUSANDS of Egyptian peasant children, crouched over rows of cotton plants, have been working their way slowly through the cotton fields of the Nile Delta for the past month. Harnessed as an emergency force, the task of the village children was to wipe the leaves of the plants clean of millions of tiny white eggs. Supervised by the Ministry of Agriculture officials, and by village co-operatives, they were trying to prevent what may yet be Egypt's worst ever attack from the destructive cotton leaf worm.

Beating the infestation was all the more important because this year Egypt planted more than 200,000 extra acres with cotton in an effort to earn as much hard currency as possible from its chief cash crop. If the leaf worm is as widespread as first reports indicate then as much as half the crop in the five provinces in the Delta, where the outbreak is worst could be lost.

Whatever the outcome, cotton will remain the single most important product in the Egyptian economy. Planted this year on 15m. acres, the largest areas under cotton for five years, the crop is worth almost one quarter of the value of all Egypt's field crops. About 60 per cent of it goes to the Egyptian textile mills, whose output of yarn and products together with the exported raw lint makes up 60 per cent of the value of Egypt's exports.

**Quality**

Cotton is a summer crop, planted in March and harvested in autumn. Though Egypt's share of world production is small, it is the quality of the Egyptian varieties of long staple cotton which is outstanding and makes it the world's most expensive.

Production is controlled by the central government through a system of inspectors whose job it is to make sure that farmers plant a required area with cotton. The temptation to grow less cotton than directed is strong, since the government pays only a tiny fraction of the market price to the farmer for his crop. In recent years the government has been slowly raising the price it pays to the farmer but not enough to keep pace with rocketing costs, especially the extra cost of fertilisers.

Problems in cotton production arise frequently from the farmers' desire to grow as much clover as possible to sell as cattle fodder. In the rotation system clover is grown before cotton. The price for each cut of clover has tripled in the past three years and, if the farmer can hang on long enough for a second cut, he can double his income from the crop.

But if he delays planting the cotton, he exposes the plant to the cotton leaf worm which hatches from eggs laid by a moth favouring the clover as its habitat. Three generations of leaf worm can pass through the life cycle in one cotton season. This year an extraordinary heat wave in May, with temperatures up to 46 centigrade, advanced the entire cycle.

This has created the worst ever infestation and the Ministry of Agriculture announced a state of emergency in June.

In five Delta provinces, Dakhleya, Gharbeyya, Damietta, Sharqeya and Kafr El Shajikh, which account normally for half the cotton grown in Egypt, egg masses have shown an enormous increase. In Dakhleya in June, as the manual picking force was being mobilised, the worst example was the discovery of 46,000 egg masses per acre compared with a few hundred in normal years.

The normal method of attack is to send out band pickers in June and July and follow up with chemical spraying. Two chemicals, Phosvel and Galtaron are available, though both can have dangerous side-effects to humans and animals. In massive spraying to counter the leaf worm outbreak six years ago there were reports of deaths from the toxin. Egypt is receiving Galieron from Europe even though in the U.S. the substance has been found to cause tumours in rats.

The Government is making efforts to change the system of marketing cotton in line with recommendations of the International Monetary Fund. The IMF is against the invisible subsidy which has, in effect, been given to the textile industry by selling cotton to the mills at prices far below market levels. In the latest economic reforms more than £250m. has been saved by the removal of this subsidy and prices of cotton products from the factory will soon have to rise.

There are also long term

COTTON PRODUCTION		
Area (000's acres)	Production Ungraded (000 metric tons)	Production Graded (000 metric tons)
1972	1,600	1,368
1973	1,453	1,264
1974	1,346	1,055
1975	1,248	1,060
1976	1,201	1,062

## WATER No room for error

FOR MILLENNIA Egypt has been bound together by the waters of the Nile. Egyptians have always lived in the narrow strip of the Nile Valley. Controlled use of the water has enabled them to feed more and more people in this small, crowded area. In recent generations rapid population growth has forced them to spread outwards from the valley into the desert—and irrigation thus has become the key to their lives.

The Aswan High Dam, by ending the old system of basin irrigation and replacing it with year-round regulated supplies of water, enabled farmers to grow two and even three crops a year where before they grew one. The original lands of the Nile Valley cover just under 6m. acres. Multiple cropping within the rotation system turns this effectively into more than 10m. acres of cropped land. The Egyptians have also been using underground water to increase land for agriculture.

The Aswan High Dam was built to control the Nile flood. In the past four years its existence has averted what would have been two damaging floods from heavy rains in the highlands of Ethiopia. It also stopped what would have been one potentially disastrous year of low water.

Installation of electric power turbines was a secondary function of the high dam, which is controlled by the Ministry of Irrigation with the purpose of creating optimum conditions for agriculture.

The dam has had some negative side effects. One has been the spread of the debilitating disease, bilharzia, with the expansion of the canal system. Another effect was to increase the need for fertiliser to replace the silt which used to be spread over the fields by the Nile flood. A crisis in the early 1970s was aggravated when local fertiliser

plants produced only a fraction of their capacity just when the price of imported fertilisers was rocketing.

Five to six years of careful watering unexpectedly showed that too much water could be a curse. In 1972 an alarming development was noticed when ground water tables were seen to be rising faster than could be believed. (1 cm. a day was monitored in Nuhariya). The groundwater not only posed a danger to crops because it prevented the roots from getting enough air but because it was dangerously saline.

**Acute**

Rising saline water tables are the most acute problem in Egyptian agriculture. When more than the optimum quantity of water needed by crops is applied to the soil without special drains to remove the excess, the unneeded water filters down to the permanent water table. Because water is free of charge, because irrigation can often be done under gravity flow without expensive pumps, and because the peasant traditionally associated more water with better crops, over-watering is rife throughout Egypt. The groundwater leaches salts from the soil. The salinity hampers root growth and has affected the yields of most crops in the last four years. Rising saline water tables are the most acute problem in Egyptian agriculture.

As soon as the situation was understood the World Bank started a programme to lay down tiled drains through which the unneeded water could be pumped away. As the problem grew worse the project was extended, so that soon, some 2m. acres will be drained by concrete or plastic pipes. U.S. AID has joined in the programme, which now includes all the Nile

Valley lands. But it will take years to complete and is already behind schedule.

Projects begun in the enthusiasm of the 1960s—land reclamation from the north-west to the Suez Canal and down in the huge New Valley region in the southern part of the Western Desert—shuddered slowly to a halt after a series of expensive disasters. In areas using Nile water and those with underground water from wells deep under the desert, salination had set out of control.

In 1972 the Minister of Agriculture put a ban on any further land reclamation. He pointed out to the Egyptian Parliament that 900,000 acres had been brought under cultivation. He also made the startling revelation that in 10 years the expansion of the towns under pressure of 5m. more Egyptians, combined with expansion of military zones, meant a net loss of 200,000 acres in cropped area. Worse, the cost of reclaiming land had risen from a hoped-for \$300 per acre to around \$1,000. Only half the reclaimed land was actually cultivated and only a tiny proportion of that was actually paying for itself.

Now, after a succession of irrigation ministers, the government seems intent on starting new projects even though the old projects remain unresolved. Agriculture and irrigation have been starved of funds during the drive to industrialise, and existing investments have not been given a change.

One example is in the New Valley, an area almost half the size of Egypt. The Governorate gets about £27m. a year of which £22m. is for capital expenditure. They have reclaimed 45,000 acres, of which 23,000 are in commercial production. This cost £232m.

Planning was poor. One senior administrator in Kharga, who arrived in the late 1950s, ex-

## WATER No room for error

planned "We started with ambitions but no data. In Kharga pressure from the Government to re-build agriculture was expected to last for years without pumping. The water in the oases which was supposed to be joined to a water from high-pressure flows free and unused. Kharga and the New Valley and the 100,000 acre railway link between the Nile and the New Valley are being abandoned. Two years ago Egypt turned air set on towards the region.

But the Government has eyes on a prestigious new project to reclaim 1.5m. acres of potentially fertile land between Kharga and Toshka, an area 300 miles south. Boreholes are drilled to establish whether water could be brought from Lake Nasser to irrigate desert tracts which have been made of alluvium from a historic Nile. When the water reaches 183 metres in Toshka it is now 176 metres. Toshka became a natural spillway for at least one hydrologist is what Egypt could rush headlong into another disaster with inadequate research. Poor success with irrigation and the high evaporation rate mean that a pipeline shock considered rather than a be believes.

Mistakes in the past and moves are see a firm step in the growth pattern of foreign investment is the strong capable of me

control of agronomists. When world food prices have been relatively low, the policy has been to grow more cotton. When food imports are expensive the Government usually wants to grow more food grains at home. Overall, the Government has been so accustomed to using the cotton crop to finance industrialisation that it has, over the years, virtually forgotten the burden the cotton farmers are bearing by receiving low prices for the crop.

Successful research has pushed up yields over the years but production cannot be as efficient as it would be if the farmer were to make profit. If the Government open door policy succeeds, bringing in foreign investment for industrialisation, Egypt may be able to improve the efficiency of the cotton growers more and more. If that happens benefits would not only the farmer but also to the tile industry, which according to Government plans, will be processing almost the entire crop, increasing domestic value-added and giving the national economy a boost through textile exports.

It is difficult to see how the decline in agriculture will reverse as long as the Government places the sector so low in the list of investment priorities. Perhaps the indicator of the seriousness of that decline is the accompanying table drawn from official data showing production of Egypt's main crops. The declines over the last 10 years range between 2.5 per cent for maize and 7.6 per cent for rice.

هنا من الأصل

# Our ancient ambassadors would be proud of us.

Five years ago London saw what was to prove to be one of the most exciting and popular exhibitions ever staged in Europe.

Displayed in the British Museum, the treasures of Tutankhamun were to stimulate the imaginations of all who saw the exhibition. An interest in Egypt, dormant in the minds of countless men, women and children, was stirred by the breathtaking beauty of the boy King's golden mask, and the fabulous wealth of riches embodied in the artefacts recovered from his tomb.

In all, over one-and-a-half million people queued to see Tutankhamun in London. At any one time there might be as many as eight hours before visitors could gain admission to the Museum. Even on the very last day of the exhibition's phenomenal and unprecedented run, people were still hoping to gain admission, only to be turned away as the doors closed for the last time.

Now such scenes are anticipated in cities throughout the United States of America. In Washington DC, where the exhibition's tour began, it has been as popular as it was in London. And, in New York, where the Metropolitan Museum of Art published a specially commissioned illustrated volume priced at \$35.00, Tutankhamun's image caught the public's imagination that the first edition of the book was sold out in a matter of weeks.

Thus, the first of Egypt's 'ancient ambassadors' has come much to rekindle interest in a country whose history goes back to a time when, over 3,000 years before the birth of Christ, Egypt, under the rule of the mighty Pharaohs, gave the world a culture and civilisation which has seldom been matched for its achievements and its grandeur.

## An ambassador for the future

Today, while the memory of Tutankhamun still lingers in Europe, fostered by the boy King's enchanting good looks and the fascinating tragedy of his all-too-short life, a second 'ancient ambassador' is abroad, maintaining interest in a land which, while mindful of its past, now looks forward to its future.

Rameses II, whose treasures have been on display in London, was one of the last great warrior Pharaohs of Egypt. An man of immense energy, he was the author of the plans to build the magnificent temples at Abu Simbel. Now moved to a site, beyond the reach of the floodwaters of the Nile as they rise and fall behind the Aswan Dam, the temples stand as a monument to a culture and a way of life which, for centuries, has served as an example to the world.



## With for the decade

In the last few years, Egypt has begun to re-build again.

The Government has been following an 'open-door' policy aimed at rehabilitating the country's economy and establishing the country's wealth during the events of 1973. At the same time, positive initiatives have been, and are being, made by President Sadat and his Government towards the positive realisation of permanent peace based on justice, in the Middle East.

This 'open-door' policy aims to encourage foreign investment in Egyptian-based projects with a view to speeding the efforts being made on a domestic level.

Where once much of Egypt's industry was in public ownership, a system of management by objectives and results is being introduced as more and more industrial control passes into the hands of individual companies. Free to make investments in expansion and modernisation, companies are also being given the power to set their own levels of production, and their own prices. In the agricultural sector, producer prices are being brought more closely into line with international levels which provide incentives and rewards for farmers.

Similarly, various projects are under way to deepen and widen the Suez Canal with a view to increasing Egypt's involvement with world trade. At the same time, work is in progress to construct tunnels under the Canal to make a closer link between the Nile Valley and Sinai, in order to achieve the rehabilitation of the Sinai Peninsula.

These moves are seen as essential to Egypt's long-term growth. They represent a firm step in the right direction, a move towards achieving a self-sustaining growth pattern stemming from Egypt's own efforts as well as from the attraction of foreign investment encouraged by the 'open-door' policy.

## Projects under way

Industry is the strong backbone supporting the national economy. It is the most capable of meeting the greatest aspirations for social and economic development.



Among the new industrial projects initiated recently, one of the largest is the aluminium complex at Nag Hammady. It began operating in April 1977, producing 100,000 tons per annum.

Similarly, as part of the integrated plan for economic and social development, a substantial investment is being made to extend the scope of Egypt's iron and steel industry. It is estimated that the total production of the iron and steel consortia will reach 1,558 million tons when current developments are completed.

Other projects in hand include the exploitation of the Baharia oasis and the expansion of the country's lime-stone quarries and dolomite industry.

Many other projects await implementation, all of which will contribute to the breadth and scope of Egyptian industry, to the benefit of the country's people and her national economy.

## Making the desert grow

Egyptian farmers were among the first to practice organised agriculture. Through the ages this expertise and knowledge has been developed, nurtured as it is by the natural gifts of an equable climate and the life-giving waters and fertile soil of the Nile Valley.

Now Egypt is transforming barren desert into productive farmland. The rock-strewn, dry, sandy areas of the Western desert, once fertile and productive, are again becoming lush, green fields. The desert is being given new life. Numerous reclamation projects are in hand to prepare the neglected land for cultivation, production and permanent residence.

The most exciting of these projects is at Tahrir Province where water was discovered 150 feet beneath the Sahara. Between 1960 and 1969 alone, nearly one-and-a-half million acres of land were reclaimed. Families and experienced farmers, backed by modern machinery and scientific expertise, moved into the area, and now raise wheat, beans, sugar cane, lettuce, strawberries, citrus fruits, radishes, squash, beets, corn, barley, artichokes and other crops.

Again in the Western desert, 100 miles from Luxor and the Valley of the Kings, another reclamation project is taking place. A region that has seen rain only once in 100 years is being converted from an infertile crescent of unproductive wasteland into a food-growing area of several millions of acres. This 'New Valley', which runs parallel to the Nile, was one of the most fertile areas of the world during the time of the Pharaohs. It was once inhabited by 8,000,000 people.

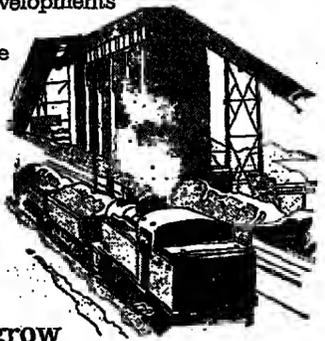
Extremely rich in natural fertilizers, the soil in this reclaimed area now produces crops of rice, corn, barley and alfalfa. Co-operative farming, cattle and fish breeding programmes complement plans to develop industries in an 8,000,000 acre area rich in proven reserves of gold, iron, phosphates and coal.

## A reflection of history

When, in 1922, Lord Carnarvon asked Howard Carter what it was he could see as he peered into Tutankhamun's tomb, Carter replied: "Wonderful things. I can see wonderful things."

Today, fifty-five years after their discovery and thousands of years since they were made, the 'wonderful things' from the boy King's tomb are still a fascination to the world. Their brilliantly executed craftsmanship and design alone belie their age, giving evidence of Egypt's majestic achievements as a nation in the forefront of almost every aspect of cultural, political and economic thought.

And, as the patterns of world trade change, as the features of the earth's face alter with each passing generation, the treasures of Tutankhamun and Rameses II remain immutable as 'ancient ambassadors' for a country which, with its forward-looking outlook and strong sense of purpose, is committed to a programme of growth and development the Pharaohs would be proud of.



# ARAB REPUBLIC OF EGYPT

State Information Service  
Further information from:  
Press & Information Office, Egyptian Embassy,  
26 South Street, London, W1

incentives

WATER

room for

# Problems of inadequate planning

EGYPT'S ACUTE population problem has always tended to be overshadowed by discussions about debt repayments or industrialisation. But it is, in fact, fundamental and has two main aspects and imbalances. The first is that the rate of population growth inevitably erodes the pace at which the economy as a whole grows. Secondly, as more people leave the countryside for the great urban centres, such as Cairo, the balance between the rural and urban population is being altered — frequently for the worse as services become grossly overstretched.

Egypt's population has become a sub-industry — often with conflicting statistical evidence. In many senses it is a despairing task. Officials are resigned to the fact that Egypt's population will double in the next 30 years and pin their hopes vainly on the economy, changing rapidly enough to reshape social attitudes. But two basic facts stand out. First, the birth rate may well be on the increase again after painful decades of gradual decline. Secondly, the plans for redistributing the population by the end of the century are bound to be inadequate.

Statistics indicate simply the enormity of the population problem. In 1960 the population was 10m, and it had doubled by 1970. Last November the first census since 1960 was held, and its preliminary results have been published. The population is put at 38.2m, of which 1.5m were abroad and 147,000 still under Israeli occupation. The annual growth rate was estimated at 2.31 per cent, a fall from an average rate of 2.54 per cent during 1960-66. In the past 15 years, the fall has been most noticeable since 1964. Wars have had their effects. After the disastrous

defeat by Israel in 1967 a noticeable drop was recorded, but after the better military showing in 1973 a baby boom was experienced, mainly in the rural areas. The overall fact remains that, with land resources diminished as much as 10 per cent in the past two decades—a pace not matched by land reclamation—the population density is rising.

At the same time, there is concern among population specialists in Cairo about the accuracy of the preliminary findings. They cite the figures for the male-female breakdown — 1.04 to 1—as being improbable on two counts. First, it is visibly inaccurate. Second, the predominance of males is a rare phenomenon. There are also some doubts about the accuracy of division of the population by religions. The growth rate, it has been suggested, may be nearer 2.4 per cent, and one senior Egyptian official put the country's population at 40m, and that of Greater Cairo at 11m.

With only 3.5 per cent of its 387,000 square miles inhabitable, Egypt is one of the more 'crowded countries' on earth. Projections made by the Ministry of Housing and Reconstruction suggest that by the year 2000 the population will have reached 70m, of which a mere 35.7 per cent will be living in the countryside. The main drawing areas have always been Cairo, Giza (an area of Cairo) and Alexandria. The Suez Canal cities of Port Said, Ismailiya and Suez, since the beginning of the reconstruction programmes, have once again begun to attract rural dwellers. Immigrants to Cairo come mainly from the southern Delta area, particularly the province of Menoufiya, and are aged chiefly between 20 and 39. Rural dwellers are drawn in by the crush on agricultural land, the centralisation of Government services, and employment opportunities. This has led also to an influx of people to provide services and products for the swollen urban populations. The imbalances so caused are considerable. Cairo, for example, has just over 20 per cent of the population but also two-thirds of the country's television sets, half its telephones, one-third of its doctors and two-thirds of its graduates. It consumes 27 per cent of Egypt's power and 40 per cent of its meat.

It is a bitter irony that Egypt's improved medical services—in March this year there were 2,278 health units operating in the countryside and 1,273 in the towns—may be responsible for an increase in the population growth rate. The death rate, at 11 or 12 per 1,000 will probably not fall much further. By contrast the infant mortality rate of 116 per 1,000 (compared with 200 in Niger and 39 in Somalia) is likely to decline. The result is that the growth rate will almost certainly rise to between 2.5 and 2.6 per cent.

In spite of the critical nature of the population problem, the Egyptian Government has never pushed or organised birth control as hard as it should. Although contraceptives have been on sale since 1955 and two years after the National Family Planning Board started opening clinics, it was not until November, 1965, that the Supreme Council for Family Planning was set up. It launched the first national plan in February of the following year. But neither the council nor the Board has had executive responsibility, which has remained divided between the Ministries of Health and Social Affairs.

It is ironic, too, that in terms of organisations the population problem has not been neglected but merely badly handled. A team of population experts from Europe recently met the representatives of no less than 50 organisations from the Cairo area alone at a cocktail party. It has been estimated that, from ministries to private charities, more than 1,000 groups are involved in Egypt's population problem — but, crucially, without authoritative direction from the Government. The production of learned and expert papers on every conceivable aspect of

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## SUEZ Re-opening pays off

THE SUEZ CANAL is much the better run than anything else in Egypt. To visit its headquarters, an imposing white building rising high across the canal-side city of Ismailia, after hour 'Almed Mashhour, chairman of the SCA, has persuaded the big three container lines—Scandutch, Overseas Containers, and Trio Lines—to pay 71 per cent extra for the 40,000 ton and above container vessels that take four tiers of cargo.

It was a gamble for President Sadat to re-open the Suez Canal in 1975, after eight years of closure. It has paid off, politically, economically and financially. The three Suez Canal cities have been repopulated and traffic through the Canal averages 54 ships a day which carry double the monthly tonnage of the days before closure of 1967. This year the Suez Canal is earning \$1.25m a day.

Contracts for work on the first stage development, which will cost in all more than £1bn, have gone to Japanese, French and Italian companies who have been working in different sections of the Canal. Four more tenders will be awarded soon. Money for the work has come from a number of sources. The Japanese Government lent \$140m, to cover three lots of work being undertaken by the Japanese Peotoccean company. When President Sadat visits Tokyo in October, the SCA hopes a second loan for \$80m will be made.

After the long period of negotiations, while a series of independent studies were made, Mr. Mashhour has come up with a number of loans. In June a \$50m Saudi development loan was signed. He expects \$42m from the Arab Fund for Economic and Social Development, \$20m from the Kuwait Fund (now agreed) and \$50m, promised by Sheikh Zaid from Abn Dhabi's Development Fund. These loans will be repaid over long periods at between 3 and 5 per cent interest while a pledge of \$15m from the Islamic Bank in Jiddah will be interest free.

In addition, the World Bank, which lent \$50m during the clearance operations in 1974, has completed a study which is the basis of a draft agreement to lend \$100m. Mr. Mashhour hopes that this month the loan will be signed.

Along with tourism and the limited oil resources, the Suez Canal is the country's major hard currency earner. But revenues are not being ploughed directly back into development of the waterway but go direct to the cash-starved Treasury. The SCA keeps 10 per cent of revenues for its working budget but most of the development cost will come from loans. This indebtedness is, however, Egypt's best friend since it is all long term and the money borrowed will give a quick return in increased income.

Mr. Mashhour explained in an interview: "It took 14 months to negotiate for the loans we need for development work. We didn't think it would take so long."

He said that the SCA still intends to go ahead with plans for a second stage widening to take 67 feet draft ships which would allow passage to the largest supertankers. He added that the second stage still looked necessary according to studies done so far and that the position would be re-examined in another study in 1979.

The Canal's price structure was designed to bring back off tankers which used to be far and away the most important users of the waterway. Because of the growth of supertankers during the eight years of closure only a small proportion of world tanker tonnage can pass through the Canal. Tanker traffic has increased to around 250 tankers a month (seven million Suez Canal net tons a month); these small and medium size tankers make up 40 per cent of transit cargo by tonnage.

The current slump in world-scale rates for tankers has hit the Suez Canal hard, but officials say that despite this seasonal drop, tanker tonnage is up on last year. However, the real revival will only take place when the Suez Canal is large enough to take supertankers.

Meanwhile the SCA has been delighted at the sudden increase in container ships using the waterway since the special surcharge on container vessels was halved to 5 per cent in January this year. Last year the big container lines had virtually been boycotting the Suez Canal while the 10 per cent surcharge was being applied. Relations have since improved greatly and container traffic has doubled.

Now that container ship owners have got used to the Canal they have even agreed to a compromise through which

the SCA will get extra revenue from the newest container vessels. After talks arranged through the International Chamber of Shipping, Mr. Mashhour 'Almed Mashhour, chairman of the SCA, has persuaded the big three container lines—Scandutch, Overseas Containers, and Trio Lines—to pay 71 per cent extra for the 40,000 ton and above container vessels that take four tiers of cargo.

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## EGYPTAIR

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Birmingham. Tel. 021-643 1299.  
Manchester. Tel. 021-624 2552.

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TOURISM could have the potential to earn Egypt millions in hard currency. But it is also badly in need of a stimulus.

TOURIST TRAFFIC ('000)

	1971	1972	1973	1974	1975	Jan-July 1976
Arrivals	428	541	535	680	793	566
Arabs	260	314	333	412	438	306
Europeans	95	132	119	152	214	164
Americans	30	40	38	51	75	53
Others	43	55	45	65	66	43
Nights spent	5,979	6,614	4,932	6,294	5,835	3,651
Arabs	4,619	4,810	2,874	4,544	3,622	2,083
Europeans	527	1,095	777	1,050	1,410	1,020
Americans	189	286	186	233	428	291
Others	344	423	255	407	397	257
Total expenditure (£E mil.)	46.0	60.0	49.0	63.0	86.5	75.7
Expenditure per tourist (£E)	112	111	92	93	109	134

Source: Ministry of Tourism.

TOURISM could have the potential to earn Egypt millions in hard currency. But it is also badly in need of a stimulus.

TOURISM could have the potential to earn Egypt millions in hard currency. But it is also badly in need of a stimulus.

# Building sector finds a foreign connection

By MICHAEL CASSELL, Building Correspondent

RESSION in the U.K. of domestic work, the gloomy outlook and the repeated pleas to the Government to help them find work at home, many another 18 months, is the only way left open to them, leave in its wake a depleted industry responding to the underlying construction in the years ahead.

upturn in demand ve large sectors of the hopelessly unable to demand and another t of inflation in con- could quickly ensue.

figures showed that, n. building companies a topping the list of bankruptcies with solvencies year ment in an industry ther directly or in- normally employs over e, now stands at reach ho end of next year. istry is traditionally pondant on the public its work, with the t providing over 90 per cent. of civil work. Yet public dig programmes will reduced by nearly 20 between 1977-78 and the wake of the t's anti-inflation pro- sional Economic Deve- fice has forecast that truction output will per cent. below the by the end of next hat new construction e will by then have v almost 30 per cent. of the low levels



will have won something close to £2bn. worth of overseas contracts in the 12 months up to this March, against £1.4bn. in the previous year. The figure seems set to rise still further in the current year.

The rush overseas—with the Middle East the inevitable centre of attraction—has not, however, been one long success story, and contractors of all sizes have had to learn the hard, if not the expensive way. Some contracts have proved substantial loss-makers and for certain companies their ventures into

building front, the company won a \$46m. "jumbo" contract to construct a 300 km. stretch of road in Southern Iran, close to the Pakistan and Afghanistan borders.

In many ways, the Marples Ridgway experience since the contract was signed with the Iranian Ministry of Roads and Transportation reflects the experiences of other contractors now operating in the Middle East.

The easiest part was certainly the announcement that it had won for itself the largest-ever highway job awarded by the Iranians, a contract at the time worth around half the total value of its construction order book.

The work involved the building of an asphalt two-lane road from a point near the Pakistan border to replace a section of one of the few overland trade routes between Asia and Europe, notorious for its traffic in smuggled goods. The route passes through some of the most inhospitable desert to be encountered anywhere in the region, close to where the hottest temperatures on earth (about 150° F) have been recorded.

At the time of the contract announcement, people in the industry suggested that Marples had taken on a job which magnified all the worst aspects of Middle East construction work. The site was remote and offered an extremely uncomfortable and difficult working environment; a workforce of 1700 people drawn largely from Pakistan had to be recruited and accommodated and all equipment had to be imported.

For its part, Marples had searched for a partner in its belief that a consortium arrangement would provide it with the chance to spread the

substantial risks involved in such work. Such a move would also have provided the company with a larger pool of experienced overseas managers un- which to draw, for although the company had previously carried out some contracts abroad it was comparatively inexperienced.

In spite of its efforts, however, no one could be found who was willing to participate and Marples went ahead on its own with a contract which at least was protected against inflation, unlike most projects in hand throughout the neighbouring Arab nations.

The purchase of plant and equipment valued at about £12m. was started and almost at once the company ran into serious mobilisation problems. Iranian Customs and Excise officials objected to their importation, although their purchase from outside Iran had formed a condition of the contract.

But the problems were only just beginning. A serious cement shortage in Iran threw into chaos the timetable for culvert and bridge building—there are over 1,000 of them on the Marples section—and progress payments by the Iranians began to fall behind in the wake of declining oil revenues. As a result, the company's interest charges rose and the Export Credit Guarantee Department stepped in to guarantee the group's overdraft. Work con- tinued, although the contract was now running several months behind schedule.

Since the early troubles, the situation has improved and work is now expected to be com- pleted by the end of next year, or early in 1979. In the mean- time, Marples continues to tackle daily the immense man- agement problems involved in managing a contract spread nu-

There have for many years been a large and impressive list of U.K. contracting operations throughout the world, although there is no doubt that their efforts have been considerably more urgent since the onset of the domestic recession.

Decisions like those of Marples are, at their crudest, a gamble which companies might prefer not to have taken but one about which they may have had a fairly restricted choice.

To date, there have been more successes than failures by contractors participating in overseas contracts, although it has often been a close thing. It remains to be seen whether they are inclined or even in a position to return home for a greater proportion of their work when the demand next arises.



Costain Process Engineering, at Das Island, Abu Dhabi. In many contracts in the Middle East, labour is drawn from local tribesmen.

overseas markets will not lightly be repeated.

Even the most experienced contractors have encountered difficulties in working in these countries where contract conditions are harsh, bureaucracy runs rife and the supply of materials and manpower present immense logistical problems.

And yet in many cases, there has been little choice for the companies which faced a contract famine at home and intense competition for what little work did become available.

Marples Ridgway, the building and civil engineering division of Bath and Portland, knows the feeling well. In 1975, faced with a sharp downturn in its U.K. workload and a particularly poor outlook on the road

Contractors are treading the rules upside down and operating from a weak market position at home. Some large builders, not even engaged in the type of civil engineering work normally associated with large foreign contracts, now have as much as 80 per cent. of their total turnover in overseas markets and they see little prospect of any major shift in the balance in the foreseeable future.

Government figures due out in October could well show that U.K. construction companies

the standards of Arab jour- nalism, and to report on sensi- tive issues which saddly the Arab Press fails to cover, despite the increasing appetite of the new generation of Arab intellectuals to be properly informed. We see our move to London as an excellent opportunity to provide a service which has long been the age of the West's political trends and technological advances, which we hope in turn will assist in building bridges of goodwill between the Arab world and Europe. Nevertheless, we oppose big powers muddling in internal Arab affairs (Soviet and American alike), directly or by proxy.

Is there not a danger, with a number of Arab publications now planned or operating from London, that British journalists might become too preoccupied with trying to find an Arab regime under every editor's desk rather than judging the standards?

All Bellout, 86-87, Compton Street, W.8.

GENERAL

Phase Two of pay policy now under consideration.

From today, Export Credit Guarantee Department (ECGD) provides cover against exchange rate fluctuations during period between tender and actual award of a contract.

Mr. Cyrus Vance, U.S. Secretary of State, leaves for Middle East in attempt to persuade Arab leaders to attend Geneva peace conference later in year.

CBI Employment Policy Committee and Northern Regional Council meet.

Wales begins, Wrexham, (until 1 p.m.)

Exhibition of Western Australia stamps opens, Gibbons Gallery, 39, Strand, W.C.2, at noon (then until August 30, from 9.30 a.m. to 4.30 p.m.).

Official Statistics Building society house prices and mortgage advances (2nd quarter).

Company Meetings Science conference, Liverpool. Jamaica Independence Day. Royal National Elstedford of page 8.

LUNCHTIME MUSIC

Bryan Hesford gives organ recital, St. Michael, Cornhill, E.C.3, 1 p.m.

Opera Glyndebourne Festival Opera, Lewes, East Sussex; Verdi's "Falstaff", 2.30 p.m.

Ballet Ballet Folkloro of Mexico, Royal Festival Hall, S.E.1, 7.30 p.m.

Sport Cricket: Third Test, England v. Australia, Trent Bridge; MCC v. Ireland, Lord's; Yachting: Cowes Week.

Wales begins, Wrexham, (until 1 p.m.)

## Letters to the Editor

### Back for sea

Mr. Nalibor, only you reported the problems of Chelsea job and today (July 26) I have been reading Mr. Nalibor on Bullock and the answer to problems being found by spin-off from Bullock's team be elected players nominated by shareholders, as to five seen from the avail- by the players them- by in the eleventh pointed by the club's ct holders (? or credit-

inally to our respective unions and to the directives that we have received concerning the attitude that we should take in future negotiations with our management.

We would, however, like to make it clear that as equally responsible members of our company we fully appreciate that whether under Chas. III conditions or free bargaining we must take a due and sensible account of the financial position of our company and its future order book and prospects.

It is within these guidelines that we believe there should be an orderly return to free collective bargaining and that a wage explosion would be detrimental to the trade union movement and nation as a whole.

A. S. New, East Cowes, Isle of Wight.

positive in price; but there is a great deal that we can do at home to counter this. Acting by taking action at home can we remove the other obstacles to successful exporting—failures in delivery dates, quality, spare parts, after service and so on. In addition falling import prices and falling interest rates will help both counter-inflation and to encourage investment in the production of marketable goods and services. Some such encouragement is needed for the new investor and the innovator, now that about half the personal savings and wealth of the country are locked into pension funds.

Moreover, since the bank will not intervene to prevent the appreciation of sterling, a floating pound provides a safeguard against the squandering of the North Sea oil money, to the immediate constraints of the balance of payments deficit and of the public sector borrowing requirement, have gone. It would be that much more difficult for any future Government to rebate by encouraging private consumer spending beyond the rate sustainable by real economic growth and by excessive public spending rather than necessary public investment.

Because North Sea oil is a capital asset it is essential that as it is used, it is replaced by other investment, at home or abroad. So the final step to be taken in the removal of exchange controls. By the time that the North Sea oil money has replaced the balance of payments deficit and reduced the public sector borrowing requirement many a per cent. United States 6.5 per cent. and Japan 9.5 per cent. If inflation in Britain is to be reduced to below 10 per cent. by this time next year, pay to encourage overseas investment settlements must not exceed 5 per cent. or 6 per cent. This, although this adds to our in- crease in total earnings of about 10 per cent.

We have repeated these arguments many times over the past few months. The danger for us all is that there are none so deaf as those who do not wish to hear.

John Methven, 21, Toffill Street, S.W.1.

the standards of Arab jour- nalism, and to report on sensi- tive issues which saddly the Arab Press fails to cover, despite the increasing appetite of the new generation of Arab intellectuals to be properly informed. We see our move to London as an excellent opportunity to provide a service which has long been the age of the West's political trends and technological advances, which we hope in turn will assist in building bridges of goodwill between the Arab world and Europe. Nevertheless, we oppose big powers muddling in internal Arab affairs (Soviet and American alike), directly or by proxy.

Is there not a danger, with a number of Arab publications now planned or operating from London, that British journalists might become too preoccupied with trying to find an Arab regime under every editor's desk rather than judging the standards?

All Bellout, 86-87, Compton Street, W.8.

### ash

Hurst, R. Calver (July 26), expressed of many in sug- corporate tax be b low rather than points out that the u has moved some that and His cash flow (the dis- en not cash at the od end of the id not, in my suitable since it n within it con- and payments equity and loan and dividend pay- ments many times over the past few months. The danger for us all is that there are none so deaf as those who do not wish to hear.

### CBI norm for settlements

From the Director-General, Confederation of British Industry.

Sir—Samuel Brittan is unfair (Economic Viewpoint, July 28) in accusing the Confederation of British Industry of having advocated a 10 per cent. norm for pay settlements in the next 12 months. The CBI has repeatedly said that the rate of inflation in the U.K.—currently 17.7 per cent.—must be brought down to the levels of our major overseas competitors—currently Germany 4 per cent., United States 6.5 per cent. and Japan 9.5 per cent. If inflation in Britain is to be reduced to below 10 per cent. by this time next year, pay settlements must not exceed 5 per cent. or 6 per cent. This, although this adds to our in- crease in total earnings of about 10 per cent.

We have repeated these arguments many times over the past few months. The danger for us all is that there are none so deaf as those who do not wish to hear.

John Methven, 21, Toffill Street, S.W.1.

### The Lib-Lab pact

From Mr. M. Minter.

Sir—It is ironic that the Lib-Lab pact should be renewed at the same time as the Government is considering a programme of measures to strengthen state control of the economy (the document produced by the TUC-Labour liaison committee).

I fought the last two General Elections as a Liberal in a Socialist seat. I was under the impression at the time that was fighting for a free enterprise alternative. I have since resigned my candidature in disgust at the antics of Mr. David Steel who appears ready to swallow any amount of Socialism so long as he can avoid a General Election.

There was a time when Liberalism meant Free Trade, support for small business enterprise and championing the cause of individual freedom. Now it apparently means statutory controls and the abolition of individual choice in such matters as education, Young Liberals stand shoulder to shoulder with Marxists outside the Granwick plant.

The continuation of the Lib-Lab deal for the remainder of this Parliament (and perhaps into the next?) robs the electors of a third choice. From now on those who are considering a programme of measures to strengthen state control of the economy (the document produced by the TUC-Labour liaison committee) know that only the Conservative Party offers the possibility of a free economy.

Michael Minter, 38, Great Taviton, Petts Wood, Kent.

### Arab Press coverage

From the Editor, Ad Dastour.

Sir—While appreciating your Men and Matters report (July 27) on the relaunching of Ad Dastour magazine from London this week, I would like to take this opportunity to clarify the editorial policy since the very clear impression given by your report that Ad Dastour is the mouthpiece for the Iraqi Government.

In fact, we enjoy friendly and harmonious relations with Government Ministers and leaders in various Arab countries, both conservative and radical. As you point out, we are one of the largest circulation weeklies in Iraq, Libya and that membership in the small Gulf states such as Kuwait and the United Arab Emirates is also high.

It is true that there is an identity of views on certain issues held by Iraq and Ad Dastour, but there are also some areas in which we disagree, and certainly we are not a partisan publication. Our interview with Dr. George Habash, which was an exclusive many Western papers have been refused, reflects the importance of Palestinian opinion towards a Middle East settlement at this time. A few weeks earlier we carried an exclusive interview with PLO leader Yasser Arafat.

Our prime concern is to raise

### Floating pound

From Mr. Maurice Macmillan, M.P.

Sir—At last the Government has decided to stop deliberately adding to inflation through the hidden devaluation of sterling which it achieved by the policy of bank intervention to keep the value of the pound tied to the falling value of the dollar. This was suggested by a number of members of Parliament, including myself, in the counter-inflation debate on July 20. The views we expressed in this debate have considerable backing from academic and expert opinion, although there are many conflicting opinions—even among the experts.

Some may feel, as I do, that the Government has not yet gone far enough; that the pound should not be kept at an artificial value by bank intervention to maintain the value of the pound even at the new "effective rate" of sterling in relation to the currencies of our 21 major trading partners, weighted according to the size of our trade with them in 1972. I suggest that the Treasury and the bank should now prepare for floating pound by the end of the year, to enable the Government to formulate more realistic policies for 1978-79.

The revaluation of the pound could make our exports less com-

### Who can cure inflation?

From Mr. A. Macgregor.

Sir—Mr. D. Triggwell contends (July 26) that if accountants cannot cure inflation no one can. Your own recent survey on accountancy stated Britain had more qualified accountants than the rest of Europe—our comparatively high rate of inflation is in part perhaps due to that fact. When accountants learn to invest, design, manufacture, market and sell they will be ready to help cure inflation. This should not detract from Mr. Triggwell's positive attitude that he wishes to evolve a system of accountancy that will help those who can cure inflation.

A. Macgregor, 6 Kidare Court, 4 Kidare Terrace, W.4.

## To-day's Events

Phase Two of pay policy now under consideration.

From today, Export Credit Guarantee Department (ECGD) provides cover against exchange rate fluctuations during period between tender and actual award of a contract.

Mr. Cyrus Vance, U.S. Secretary of State, leaves for Middle East in attempt to persuade Arab leaders to attend Geneva peace conference later in year.

CBI Employment Policy Committee and Northern Regional Council meet.

Wales begins, Wrexham, (until 1 p.m.)

Exhibition of Western Australia stamps opens, Gibbons Gallery, 39, Strand, W.C.2, at noon (then until August 30, from 9.30 a.m. to 4.30 p.m.).

Official Statistics Building society house prices and mortgage advances (2nd quarter).

Company Meetings Science conference, Liverpool. Jamaica Independence Day. Royal National Elstedford of page 8.

LUNCHTIME MUSIC

Bryan Hesford gives organ recital, St. Michael, Cornhill, E.C.3, 1 p.m.

Opera Glyndebourne Festival Opera, Lewes, East Sussex; Verdi's "Falstaff", 2.30 p.m.

Ballet Ballet Folkloro of Mexico, Royal Festival Hall, S.E.1, 7.30 p.m.

Sport Cricket: Third Test, England v. Australia, Trent Bridge; MCC v. Ireland, Lord's; Yachting: Cowes Week.

Wales begins, Wrexham, (until 1 p.m.)

**EMS Sports Saloon**  
- top performance, luxury sports equipment

The EMS has most of the features of Saab's world-beating works rally cars. The advanced 118bhp 2 litre fuel injection engine gives acceleration to 60mph in just over 9 seconds and top speed of 110mph, with normal consumption of 25-30 mpg.

Front wheel drive, rally suspension, Bilstein gas shock absorbers, alloy wheels, low profile steel cord tyres, front spoiler, magnificent driver's seat, sports steering wheel geared for 3.4.

turns lock-to-lock and smooth manual gear-box add up to outstanding road-holding and effortless high speed cruising to leave you relaxed after the toughest of journeys.

As with any SAAB 99, you get comfort, versatility and safety for 5 adults. The EMS is a beautiful beast from SAAB-SCANIA of Sweden.

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# COMPANY NEWS + COMMENT

## Barker & Dobson wants to change auditors

THE BOARD of Barker & Dobson, the loss-making confectionery and retail chain, is planning to appoint Price Waterhouse as the company's auditors, only six years after that firm was dropped by a previous Board in 1971. But the latter has written to shareholders saying it is willing to stay on.

There was a similar situation at B and D in 1971, when a new Board under the chairmanship of Mr. William McPhail invited Price Waterhouse to step down as the company's auditors to be replaced by Pannell Fitzpatrick. But Price Waterhouse declined on the grounds that it had been appointed by the shareholders, not the Board.

The McPhail Board then proceeded to replace Price Waterhouse as auditors of the company's operating subsidiaries, leaving the firm with only the ultimate holding company to audit. Price Waterhouse was subsequently removed against Price Waterhouse's opposition, from this appointment at the 1971 annual meeting.

Mr. McPhail, a Scottish chartered accountant, retired from the B and D Board in May, 1973. In the year to March, 1973, the company incurred total losses of £3.8m. Since then there have been losses of £2.4m in 1976 and £2.6m in 1977. Mr. Ronnie Aitken, a partner in Blander Hamlyn and a "company doctor," joined the Board in November, 1975, and became chairman at the beginning of 1976.

Mr. Aitken informs shareholders in the company's 1977 annual report that the Board now wants to reappoint Price Waterhouse. "Although your Board has come to the conclusion that the change should be made, I should like to pay tribute to the valuable work done in the recent difficult times by Pannell Fitzpatrick and Co. who have remained loyal to the company and who are willing to offer themselves for reappointment. It is accepted that the appointment of auditors is a matter to be determined by the shareholders," he states.

Pannell Fitzpatrick has taken advantage of its rights under the 1978 Companies Act to write to shareholders on the matter. But beyond mentioning the Board's proposal to appoint Price Waterhouse, its letter simply states: "In considering your response to the proposal we believe that you should be aware that we are willing to offer ourselves for reappointment."

### BOARD MEETINGS

The following companies have notified date of board meetings in the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are tentative or final and the subdivisions shown below are based mainly on last year's timetable.

Company	Date
Black Arrow	Aug. 8
Cable Industries	Aug. 8
Crabtree	Aug. 8
James (John)	Aug. 8
Newmarket	Aug. 8
Resolva	Aug. 8
Waring and Galloway	Aug. 8
Woolston	Aug. 8
Williamson Tea	Aug. 8
Future Dates	
Phonetic Timber, Warwick	Aug. 9
Investments	Aug. 9
Arrowson Bros.	Aug. 9

## Caird still facing difficulties

CONDITIONS ARE very difficult at present, says Mr. G. M. D. Drummond, the chairman of Caird (Dundee), but the company is expecting to build up the level of car sales gradually as the year on a more encouraging note.

Some £450,000 has been spent on plant and machinery during the past year and this, added to the pre-tax loss of £218,612 (profit £11,480), has been a drain on the company's working capital. Mr. Drummond says this has been partly offset by the medium term loan of £300,000, but additional working capital will be needed to finance the expanding output which will arise when demand increases. Accordingly, it is proposed to ask shareholders to sanction an increase in the company's borrowing powers from the present £2.5m to £3.5m, plus a further £1.5m to twice shareholders' funds (£3,000,000).

Following the company's decision to exploit its printing capacity by setting up a carpet mill, Caird has had to invest in new machinery and a backing plant were installed during the year, and both were expected to come into production towards the end of the year. The backing plant was delayed, which resulted in bigger trading losses in the second half.

Mr. Drummond points out that the company is bound to produce a profit as it continues to operate well below capacity. However, strenuous efforts are being made to build up sales, particularly overseas, and he believes that the position will gradually improve as the year progresses.

Working capital increased by £33,888, compared with £889,087, and net liquid funds decreased by £244,771 (£222,176).

Meeting, Dundee, August 25 at 6.00.

## Confidence at Allied Retailers

Mr. H. Plotnik, chairman of Allied Retailers says that the level of retail spending has now been at a high level for several months and the outlook for the first half of the current year is slightly less favourable than at this time last year. However, the export expansion programme for Allied Carpets and Williams Furniture remain unchanged and he is optimistic that trade will show a worthwhile improvement when the uncertainty of the third phase of the pay policy is removed. He is confident that the company will come through another year satisfactorily.

As reported on June 14, pre-tax profit for the year to April 2, 1977, expanded from £3.2m to £3.1m.

Mr. Plotnik reports that our expansion continued during the year with stores being opened at Croxford, Marble Arch, Reading, Hayes and Leicester. A store at Holloway previously operated by Williams Furniture has been converted to an Allied Carpet store and the directors are very pleased with the performance of the new operation. "Kings Furniture Centres" is now in full swing with four stores now trading. These stores are a new concept for the group. They are large, out-of-town stores selling both furniture and carpets. The first store was opened in Cardiff in March, 1976, with 42,000 square feet of selling space. Since then a 97,000 square foot store has been opened in Avonmouth in January of the current year, one of 88,000 square feet in Reading in February, one of 42,600 square feet in Southampton in May, and one of 35,000 square feet in Swansea will be opened in October. Expansion of the new concept will be pursued vigorously, it is stated.

A statement of source and application of funds shows an increase of net bank borrowings of £1,651,000 (£36,000 decrease) and a bank balance decreased by £74,000, against a decrease of £40,000.

Meeting, Wakefield, August 24 at 2.30 p.m.

## Caution at Shaw Carpets

SCREEN PRINTED TUFTEDS is the prime growth area of the carpet market, and Shaw Carpets operates exclusively in the tufted sector, says Mr. J. W. H. Hartley, the chairman.

However, there is at the present time excess capacity for the sector, he says, and this, combined with the reduced level of consumer spending now prevailing, creates a highly competitive market. This situation makes difficult any prediction regarding the outcome for the year.

He believes that the company is, nevertheless, well placed to take full advantage of the next revival in consumer spending. The company turned in a loss of £229,000 for the year to April 2, 1977, compared with a profit of £721,000, primarily due to the start up costs of the innovative Milltron carpet patterning machine and losses by the French and German sales subsidiaries (as reported on July 1).

The Milltron now works well, Mr. Hartley reports, and the company is confident about future of the machine, although it will take some time before its potential is fully exploited.

The significant losses of the subsidiaries have now been curtailed, he adds, and the directors believe they can take a worthwhile contribution to the company's performance.

The bank overdraft increased during the year by £1,537m, compared with a decrease of £57,000, and the bank balance decreased by £74,000, against a decrease of £40,000.

Meeting, Wakefield, August 24 at 2.30 p.m.

needs a lift in trading to restore its strength, even though capital expenditure has been completed. Suggestions of loss elimination in France and Germany are encouraging, but Shaw is still dependent on a revival of consumer spending—only then will the industry's excess capacity be used. Meanwhile, the shares could languish at around the year's low of 15p, where the yield is 9 per cent, on the interim dividend.

## LOW ZINC PRICE HITS VESTGRON

First-half earnings at the Cominco subsidiary, Vestgron Mines, have fallen by a third because of the sluggish zinc market. Vestgron owns the Black Angel mine in Greenland. In the six months to June net earnings were £3.3m (£1.78m), or 79 cents (42.6p) a share, compared with £6.5m, or £1.18 a share, in the first half of 1976.

The volume of zinc sales has dropped and prices have fallen. The president, Mr. O. E. Owens, says that earnings would continue to be affected by the prices, "which have declined since the start of the year and are now significantly lower than last year."

The unit cost of production has increased and there was a strike lasting three weeks at Black Angel during June. Some of the problems associated with zinc have been partly offset by higher sales and better prices for lead. But Vestgron sells much more zinc than lead.

Black Angel shipped out the first of five shipments for this year in June. Meanwhile, underground exploration has extended the ore zone and further prospecting has revealed "mrs grade mineralisation" 250 metres east of the mine. Vestgron shares are around £10.

## PLACER BOOSTED BY MOLYBDENUM

Strong demand for molybdenum has helped to boost the profits of the Vancouver group, Placer Development. Net income in the first half of the year was \$21.1m, or 92 cents (49.7p) a share, which is no less than 78 per cent more than the \$26.3m, or 52 cents a share, earned in the first half of 1976.

But the group has problems with its copper mines (Stribling, Craigmont, Watsagan and Bearcrag)—on which it depends for a substantial portion of its plus \$4.5 cash for every two CAIL shares.

Both CRA and Smith have agreed that the bid is successful and they will shuffle the holdings so that they each end up with 50 per cent of the capital. CAIL at present holds 5m Smith shares, or 30 per cent of the capital, while Smith holds 10m CAIL shares.

As reported on July 7, the company's profit before tax more than doubled from £0.78m to £1.53m and the company finished the year to April 2, 1977 with profit of £1.53m, to £2.88m. The dividend is lifted from 2.3525p to 2.82p net.

Mr. Rotbery says that the increase in profits is due much to continuing and the directors are a high level of order inflow from taking further steps to maintain and improve the competitive efficiency of the group.

Working capital increased by significantly higher capital £1.45m (£4.48m).

### MINING NEWS

## CRA in \$A45m. coal bid

BY KENNETH MARSTON, MINING EDITOR

THE Rio Tinto-Zinc group's 72.6 per cent-owned Canadian subsidiary Australia has joined with Australia's Howard Smith to take over bid for the New South Wales coal producer, Coal and Allied Industries (CAIL).

The bid values CAIL at \$A78m (\$41m), but the actual outlay would be about \$A45m, because Smith already has 25 per cent of equity stake in CAIL. Smith gained the bulk of its holding from a defensive share swap between both companies in 1969, to protect CAIL from any takeover moves.

In addition, the scramble by major companies, both local and overseas, to move into coal operations and prospects in Australia, reports our Sydney correspondent. It comes only days before CRA is to make a decision (August 15) on whether to firmly commit itself to take a major stake in the potentially large coking coal project at Hall Creek in Queensland.

CRA bought into Hall Creek in November, 1975, after Western Mining pulled out. In April, 1976, it became project manager. It is currently holding 17 per cent of the equity in Hall Creek but has an option to acquire another 26 per cent from Australian partner, AAR for 6.5m CRA shares, valued at about \$A18m.

CRA bought into Hall Creek to find 20 per cent of the loan funds for the project. With capital costs now estimated at around \$A70m, this could involve \$A20m more.

The depressed state of the steel industry, and reduced estimates of coal requirements by Japanese steel mills, together with the escalation in capital costs has cast doubts about whether Hall Creek can proceed for several years, if at all. There has been growing speculation that CRA will pull out of the venture or seek an extension of its commitment date.

There has been a scramble for coal stakes in Australia. British Petroleum last year paid about \$180m for 50 per cent of the New South Wales coal producer, CAIL. De Beers, which has also invested in Tynes Holdings and Broken Hill Proprietary paid \$100m for the Australian coal interests of Feabody Coal. Shell recently bought an 80 per cent interest in Tynes Holdings and also acquired a stake in Austen and Barta.

It is understood that CRA was interested in buying into Austen and Barta but has now made a firm offer for CAIL. The bid is \$A3.30 cash or one CRA share plus \$A4 cash for every two CAIL shares.

At CRA's market price on Friday of \$A2.70 this value is \$A3.30, or 21.1p. CAIL shares at \$A3.35, CAIL shares rose from \$A2.25 to \$A3.15 on news of the offer.

Both CRA and Smith have agreed that the bid is successful and they will shuffle the holdings so that they each end up with 50 per cent of the capital. CAIL at present holds 5m Smith shares, or 30 per cent of the capital, while Smith holds 10m CAIL shares.

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Meeting, Wakefield, August 24 at 2.30 p.m.

## English Card expansion continuing

Mr. Simon Rotbery, chairman of English Card Clothing Co., says in his annual statement that the generally favourable conditions which the group enjoyed in the second half of 1976 are continuing and the directors are a high level of order inflow from taking further steps to maintain and improve the competitive efficiency of the group.

Working capital increased by significantly higher capital £1.45m (£4.48m).

## Price code gives industry few new safeguards

BY ELMOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE GOVERNMENT has refused to accept industry's arguments for making more generous safeguards for companies operating under the new system of price controls, which comes into effect this week. But it has given some extra protection to capital intensive companies and retailers.

The Prices and Charges (Safeguard for basic profit) Regulations, which was one of three statutory instruments laid before Parliament last week, gives companies the same basic protection as was proposed in the Consultative Document on safeguards published last month. Only technical changes have been made to the earlier proposals.

This means that during one of its investigations price index the Commission will not be able to restrict a company's prices in such a way as to mean that either the margin over total costs is reduced to less than 3 per cent, or that the margin is reduced to less than 30 per cent of the level obtaining at the date of the last price increase.

A higher minimum margin is provided for capital intensive companies. Nor will the Commission, after it has completed one of its investigations, be able to recommend action which would result in the margin being more than halved.

The Government has, however, modified the sliding scale safeguards for more capital intensive manufacturers and firms to give up to a right 12 1/2 per cent return on capital compared the 10 per cent proposed in the consultative document.

It has also introduced a sliding scale of safeguard distributors, allowing a basic margin than the 2 per cent originally proposed, where companies are turning over stocks less than 10 times. The minimum margin for companies operating escalator variation-of-price clause has been raised from 2 per cent to 3 per cent.

The safeguards for finance houses and similar institutions have been brought into line with the safeguard distributors.

No major changes are included in the Consultative Document on safeguards published last month. Only technical changes have been made to the earlier proposals.

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## Rate of profit increase slows to only 33%

THE RATE of profit increase over the comparable year-end period shown in the 151 full reports and accounts of industrial companies received in July was 33.3 per cent.

This compares with the 34.8 per cent and 48.7 per cent increases of the respective first two quarters, and with the previous month's rise of 41.2 per cent.

Major companies to show increases well below were, usually in the non-consumer area and Marks and Spencer and On the other hand, Debenhams, with a rise in profit of 100 per cent, while others good gains included British Commonwealth Shipping (86.5 per cent), Racial Ele (86.5 per cent) and Continental Gas (50.2 per cent).

At 18.2 per cent, the dividend cost increased below the recorded in the first six of the year, the sequel the three months of the quarter being 17.4 per cent and 13.5 per cent respectively.

## PLACER BOOSTED BY MOLYBDENUM

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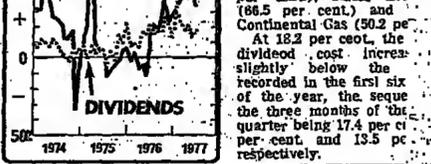
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Mr. Rotbery says that the increase in profits is due much to continuing and the directors are a high level of order inflow from taking further steps to maintain and improve the competitive efficiency of the group.

Working capital increased by significantly higher capital £1.45m (£4.48m).



## GRAND UNION

Cavaliers USA Inc. says the merger of Grand Union with a wholly-owned subsidiary, Cavaliers USA, has been completed.

Terms of the merger agreement have been approved by Grand Union holders.

Rates for deposits of 10 days Fund, 1-Month Fund, 3-Month Fund, 6-Month Fund, 12-Month Fund.

## Dartmouth Investments Limited

RESULTS IN BRIEF

Year ended 31st March	1977	1976
Group Turnover	£4,394,763	£3,358,448
Profit before Tax	£255,643	£285,092
Dividends Paid	£64,386	£53,005
Earnings per 5p Share	1.72p	1.69p

"At the half year I would have confidently forecast a very acceptable overall increase in profitability and but for the much publicised industrial relations difficulties of the automotive industry from October through March, that certainly would have been the case."

"External sales turnover for the Group in the 1977/78 year is currently running at £7.5 to £8 million and I will be disappointed if a very substantial improvement in the enlarged Group's pre-tax profitability is not achieved."

D. C. Hatheway, Chairman

Principal Activities: The manufacture and marketing of products for the domestic, commercial and industrial heating, ventilating and automotive industries. Marketing of specialised joinery, including lift doors. Manufacture of aluminium products for passenger vehicle interiors. Manufacture and sale of accessories and equipment for the cycle, motor car, toy, agriculture and allied trades.

## LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
Alyn and Deeside (0244 351212)	11 1/2	1-year	100	4-6
Barking (01-592 4500)	12 1/2	1-year	5,000	4-6
Barnsley (0226 203232)	12 1/2	1-year	250	4-7
Elmbridge (88 28844)	12 1/2	1-year	300	4-7
Erewash (0602 303031)	12 1/2	1-year	5,000	4-7
Greenwich (01-834 8888)	12 1/2	1-year	1,000	4-7
Greenwich (01-834 8888)	12 1/2	1-year	5,000	4-7
Liverpool (051 227 3911)	11 1/2	1-year	500	3-7
Liverpool (051 227 3911)	12 1/2	1-year	500	4-6
Poole (02013 5151)	11 1/2	1-year	500	3-6
Poole (02013 5151)	12 1/2	1-year	500	6-7
Redbridge (01-478 8620)	12 1/2	1-year	200	4-7
Sutton (051 522 4901)	11 1/2	1-year	2,000	3-3
Sutton (01-612 6060)	12 1/2	1-year	500	4-7
Thurrock (0273 5122)	12 1/2	1-year	300	4-7
Worcester (0903 23471)	12 1/2	1-year	1,000	4-10

Deposits of £1,000-£25,000 accepted for fixed terms of 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50 years. Interest paid gross half-yearly. Rates for deposits received no later than 5.8.77.

Terms (years) 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50

Rates for larger amounts on request. Deposits to and from information from The Chief Cashier, Finance for In Limited, 9 Waterloo Road, London SE1 8XJ (01-928 Ext. 177). Cheques payable to Bank of England or FFT is the holding company for JCF and FCI.

## Turnround at Wm. Sommerville

Paper-makers William Sommerville and Son reports a turnround from a pre-tax loss of £82,485 to a profit of £161,496 for the year to May 31, 1977. Turnover jumped from £2.98m to £4.37m.

There was a profit at half-year of £44,000 against a loss of £2,000. Earnings per 25p share are 11.4p, compared with a loss last time of 6.35p, and the dividend is raised from 1p to 2.5p with a net yield of 2%.

There is a tax charge of £86,042 against a credit of £23,835.

## BRITISH ASSETS TRUST

In view of the transactions in GBC capital shares, the directors of British Assets Trust decided to omit the net asset value as of June 30 from the accounts published by the Association of Investment Trusts on July 15.

The net asset value at June 30, 1977, was £2,000,000.

## FT SHARE SERVICE

The following securities have been added to the Share Information Service appearing in the Financial Times:

Chng Oil (section: Oils); Regalian Properties (section: Property).

# Imperial Continental Gas Association

Highlights from the Statement by the Chairman, Mr. F. E. Zollinger, at the Annual General Meeting held on 29th July, 1977

**BELGIUM**  
Electrogaz/UNERG

When the Association first decided in 1972 to participate in the negotiations which finally led to the reorganisation of the Belgian electricity industry, one of our main objectives was to try to ensure a more balanced structure for Electrogaz. Because of its limited role, as a distributor of electricity and gas, Electrogaz was in a more exposed position than were the other two main companies, EBES and Intercom, while the Association with a Group shareholding of 73.3% in Electrogaz was itself rather isolated. The activities of UNERG, on the other hand, are similar in scope to those of EBES and Intercom, and the Association and substantial Belgian holding companies now share a common interest in the electricity sector.

Electrogaz was substantially self-financing, the external finance required being raised by the associated intercommunal undertakings. Because UNERG is a producer of electricity, providing roughly a fifth of the national output, its investments are of necessity sizeable and it will have to mobilize substantial funds.

A rights issue was carried out by UNERG earlier this year, increasing its paid up capital from B.Frs. 7,822 million to B.Frs. 9,035 million. This transaction was successful, the market taking up the relatively small number of shares not subscribed by existing shareholders.

UNERG's published profit for 1976 amounted to B.Frs. 1,322 million. While the Group's dividend income from Electrogaz for 1976 came to B.Frs. 205 million, we received a net dividend of 261 million of dividend income from UNERG for 1976, based on a slightly larger investment.

Antwerpse Gasmaatschappij

The published net profits of the Antwerpse Gasmaatschappij for 1976 rose by 13.2% to B.Frs. 182 million and following a bonus share issue and an subsequent rights issue, which took its capital to B.Frs. 1,900 million, the amount of dividend received by the Group from the AGM advanced to B.Frs. 93 million.

Petrofina

The results of the past year were above all effected, first, by conditions in the petrol market in Europe where total refining capacity is greatly in excess of demand, thus leading to intensive price-cutting and, second, by the fact that until the gas pipeline from the Ekofisk complex to Emden, Germany, is operative, the production of oil from that field cannot reach its scheduled maximum.

All installations for the Emden gas pipeline have been completed and the supply of gas to four European countries will commence as soon as the required authorisations have been received from the national regulatory agencies concerned. The opening of this pipeline will also make it possible to increase progressively the output of oil from the seven fields constituting the Ekofisk complex. The sizeable expansion of oil and gas output will generate appreciably greater earnings from 1978 onwards.

I deem it appropriate to comment briefly on the blow-out in the Bravo platform at Ekofisk in April of this year. Its immediate total cost is approximately \$15 million, all of which is covered by insurance. There will thus be no direct adverse financial effect for Petrofina from this mishap. The indirect consequences, on the other hand, cannot yet be quantified with any degree of accuracy. The interruption in production from the Bravo rig over a matter of some weeks will obviously have a negative influence on the Ekofisk cash-flow and profitability, but full production has now been resumed.

**UNITED KINGDOM**  
Calor Group

The Calor Group can look back on a good year during which its turnover increased by 25.5% while operating profit before tax and extraordinary items advanced by 35.4%. This very fact demonstrates that Calor's management policy is based on sound principles, although clearly the rather colder weather has not been without its influence.

Capital expenditure was noticeably higher at just over £16 million. The bulk of this amount was spent on the expansion and modernisation of equipment and plant. The success of the cabinet-heater programme resulted in a greater volume of gas sales which in turn necessitated the purchase of additional cylinders and delivery vehicles. Another important item is the conversion of the standard butane cylinder to the new "switch-on" system.

I am pleased to report that the reduction in Calor-Kosengas's sales and administrative staffing levels in the Republic of Ireland carried out in 1975 has resulted in greater efficiency and particularly satisfactory results for 1976/77. In Northern Ireland, too, Calor-Kosengas have managed to improve their already commendable past performance. Against a background of continuing unrest, our Ulster staff and executives deserve special recognition for their exertions and imperturbability.

Century Power and Light

In block 16/17 the Thelma structure was successfully tested for oil end gas. Two further drillings in the same block proved dry but a fourth well drilled recently in the Tani structure may be of considerable significance. I must immediately add that the geology in this area is of unusual complexity and it would be unwise to draw premature conclusions. Intensive efforts are being made to establish with greater certainty the commercial potential of this block.

Further technical and economic studies have also been made on the Maureen field in block 16/29. Provided no unforeseen difficulties arise, it may be possible for the Operator to submit development proposals to consortium members by the end of this calendar year.

**RESULTS FOR THE YEAR**

While 1976/77 has been a singularly satisfactory year for the Association, I draw your attention to the fall in the value of sterling which accounts for a considerable portion of the improvement. If our Belgian Income had been converted into sterling at the same average rate of exchange as during 1975/76, the Association's published profit before tax would have been £20.7 million. Even so, it is clear that most of the Association's component parts have ably contributed to these results, but I must ask you to expect a similar growth of profits in the immediate future.

**Summary at Group Results**

	1976/77	1975/76
Turnover (U.K. Subsidiaries only)	127,079	101,138
Profit before tax	22,199	14,791
Taxation	12,978	8,188
Profit after tax	9,221	6,603
Profit attributable to I.C.G.A.	9,588	5,522
I.C.G.A. share of Unconco Ltd and Subsidiary Companies' retainments (not included above)	4,886	4,080
Dividends	3,477	3,118
Earnings per £1 stock unit	24.6p	17.70p

Codes of the full Speech and Report and Accounts can be obtained from Hall Samuel Registrars, 5 Greenoak Place, London SW1P 1PL



# IMI ISTITUTO MOBILIARE ITALIANO

Annual Meeting - July 14, 1977

The Shareholders of Istituto Mobiliare Italiano (IMI) held in Rome on July 14, under the chairmanship of Mr. Giorgio Cappon, their Annual Meeting for the approval of the Balance Sheet and Statement of Income and Expenditures for the 45th fiscal year.

In the Report of the Board of Directors, read by Mr. Cappon, it is stressed that during the past year, in a difficult period for the Italian economy, the Institute's activity has registered, on an annual basis, a significant slowing down, whereas the amount of transactions outstanding has continued to grow.

In brief summary, IMI has received new loan applications totalling \$3,356m. (-51% from the preceding year); finalised loan transactions—which were financed at the rate of 90% from the Institute's own funds, of 7% from Government Special Operations Funds and of 3% from ESCG funds—totalled \$2,866m. (-19%), while loan transactions outstanding as of March 31, 1977, totalled \$11,233m. (+14%), of which \$10,275m. financed from Institute funds and resources raised on the market.

As of March 31, 1977, the breakdown by major categories of the outstanding loans was the following: investment financing loans \$8,563m. (+13%); export financing loans \$2,382m. (+28%); financial credits to foreign countries \$41m. (-36%); loans to non-residents \$250m. (+21%).

The Institute's activity in the financing of Italian exports was affected by the troubled conditions prevailing on the capital market, which imposed restrictions on the raising of funds. In this area, the amount of outstanding transactions increased by 26% to \$2,382m. and more than one fifth of the total; the transactions finalised in the course of the year total \$747m. with a 14% decrease from the preceding year.

The unfavourable capital market conditions have significantly affected, especially up to the month of November 1976, the Institute's borrowing activities in lire. Nevertheless, during the year lire bond placements totalled \$1,731m. IMI thus reached—without allowing for the monetary crisis due to the inflationary process—

all-time high in fund raising, after the already considerable results achieved in the preceding fiscal years: respectively \$1,723m. in the 42nd, \$1,689m. in the 43rd and \$1,643m. in the 44th. Moreover, bonds in dollars have been placed on the domestic market to a total amount of \$96m.

The amount of bonds outstanding as of March 31, 1977, both in lire and in foreign currencies, increased from \$7,303m. to \$8,690m. net of \$30m. of bonds still to be placed, with an 11.4% increase over the situation at the close of last fiscal year.

The Institute's foreign activity during the 45th year continued to be affected by the difficulties experienced by Italy, which weakened the country's credit standing with the international banking community.

The recent extension to Italy of IMF and EEC loans is helping bring about a significant change in the attitude of the international capital market.

In the context of this favourable development, a few weeks ago IMI has contracted an international \$200m. loan at satisfactory terms.

Among specific credit operations, mention should be made of those entered into with the European Investment Bank and with the U.S. Export-Import Bank.

The Report then discusses the activities of the principal companies controlled by or connected with IMI, among them mention is made of the "Maritima Credit"—Autonomous Section of IMI, whose loans outstanding amounted to \$818m. as of March 31, 1977.

Reviewed in the Report are also the figures of IMI's Balance Sheet and Statement of Income and Expenditures, showing that the net profit (after the allocation to the credit-risk fund and to the sundry-risk taxed fund) amounted to \$34.0m. The Board of Directors recommended the following allocation of the profit: \$30.9m. to the Ordinary Reserve Fund and \$3m. (being the equivalent of a 9% dividend on the paid-in capital) to the Shareholders.

The Report also mentions the activities of the principal Auditors, the Meeting unanimously approved the Balance Sheet and the Statement of Income and Expenditures for the 45th year and the Board's recommendations for the allocation of the net profit.

## BALANCE SHEET SUMMARY AS AT MARCH 31, 1977 (45th Fiscal Year)

(Dollar equivalents calculated at the rate of Lit.887,325 per U.S. Dollar)

LIABILITIES	ASSETS
Subscribed capital stock	Subscriptions receivable on capital stock
Reserve funds	Cash and deposits with banks and agencies
Government allocations under Law No. 184 of March 22, 1971	Securities
Real estate and furniture depreciation	Loans
Funds	Advances receivable and other credits
Staff severance and retirement fund	Real estate and furniture
Bonds in circulation	Interest receivable and rediscounts on payables
Subscribers of our bonds	Discounts on bonds
Borrowing and sundry debts	Miscellaneous items
Interest payable and rediscounts on receivables	Outstanding guarantees
Outstanding guarantees	
Discounts on loans	
Net income for the fiscal year	
	Contra Accounts
	Loan commitments, securities and bills held on and deposit
	Special and fiduciary operations
GRAND TOTAL	GRAND TOTAL

## STATEMENT OF INCOME AND EXPENDITURES AS AT MARCH 31, 1977

EXPENDITURES AND LOSSES	INCOMES AND PROFITS
Overheads	Interest on loans, advances and current accounts
Interest paid and other charges on bonds	Interest on sundry income on securities held
Interest paid on loans and sundry debts	Commissions and fees
Depreciation	Sundry incomes
Losses realised and unrealised on securities owned	Utilisation of reserve funds
Operating losses on the holding under Law No. 184 of March 22, 1971, Art. 6	Utilisation of the Government's allocation to cover the operating loss on the holding under Law No. 184 of March 22, 1971, Art. 6
Taxes for the fiscal year (including allocations)	
Taxes for preceding fiscal years	
Sundry charges	
Allocations to credit risk and securities price fluctuation funds	
Allocations to sundry-risk taxed fund	
Net income for the fiscal year	

## APPOINTMENTS

# Senior changes at Vantona

Dr. J. A. Blackburn has resigned as joint managing director and from the Board of VANTONA GROUP. Mr. D. Alliance is now sole group chief executive and Mr. J. L. Messaged, senior executive director.

Mr. H. K. Goschen has been appointed the first president of the MERCANTILE AND GENERAL REINSURANCE COMPANY.

Mr. Henry C. Cottrell will retire on May 31, 1978. The partner-ship of PHILLIPS AND DREW, stockbrokers and who has succeeded as senior partner by Mr. E. Paul Bazalgette.

Mr. T. A. Mann, Mr. T. Taunton and Mr. E. G. Wright have been appointed directors of BLAND PAYNE (INTERNATIONAL).

Mr. Kenneth Storry, now general manager of Barclays Unicorn, is joining the Board of BARCLAYS UNICORN GROUP and will act as chief executive.

Mr. David Clift, general manager and chief executive of Barclays Life Assurance Company, becomes a director of Barclays Unicorn Group with special responsibility for life assurance. Mr. Julian Wathen, vice-chairman of Barclays Bank International and a director of Barclays Bank Trust Company, becomes a director of Barclays Unicorn Group.

Mr. D. A. Morris has been elected chairman and Mr. N. T. Dukes, vice-chairman, of the BRITISH WELDED STEEL TUBE MANUFACTURERS' ASSOCIATION.

Mr. J. M. Knipers, now based in London as a group managing director of EMI, continues as a director of EMI (Australia) having been succeeded as chairman of that company by Mr. Garth Barraclough.

As previously indicated, due to his increased public and commercial responsibilities, Mr. Edward M. Cann is resigning on Monday as chairman and a director of the Thomson Trust, Throhmorton Secured Growth Trust, which are managed by KEYSER ULLMANN. He will be succeeded as chairman by Mr. Maurice Elderfield, who is a director of the trusts and on the Boards of Ferruzzi and Robb Canning Shipbuilders. Mr. du Cann remains chairman of Cannon Assurance.

Mr. G. W. Ling has been appointed chief foreign exchange dealer at INTERNATIONAL ENERGY BANK.

Mr. R. B. McCoy at present regional manager (U.K. and Ireland) of the BANK OF NEW ZEALAND in London, has been appointed district manager, Auckland City District, New Zealand. Mr. G. S. Blanshard has become regional manager (U.K. and Europe). Mr. F. A. Anderson on the Council of ENGINEERING INSTITUTIONS for 1977-78.

Mr. A. G. Willard has been appointed an assistant to the director of the association of ANDROSS and Mr. T. M. Sullivan has become assistant secretary.

Dr. George S. Hislop has been appointed vice-chairman designate of the COUNCIL OF ENGINEERING INSTITUTIONS for 1977-78.

## Call to check pharmaceutical imports rise

Financial Times Reporter  
AN APPEAL to the Government to help check the continuing rise in pharmaceutical imports was made by Mr. Frank Goulding, president of the association of the British Pharmaceutical Industry last night.

Mr. Goulding revealed that in the first half of 1977 pharmaceutical imports at \$81.7m. had risen by more than 43 per cent while exports, at £258.5m. were up by only 23 per cent.

Part of the reason for the industry's troubles was the diversion of investment funds elsewhere because of the Labour Party's threat to nationalise the industry, he said.

He added that the Government should now support the industry by adding four years of patent protection to existing patents with less than five years to run.

## More members for council of engineers

THREE NEW organisations—representing metallurgists, nuclear and highway engineers—have been elected to the Council of Engineering Institutions. The Institution of Metallurgists, the 16th constituent member of the council. The Institution of Nuclear Engineers and the Institution of Highway Engineers became the first affiliate members. The council's Board has unanimously approved the appointment of aeronautical engineer Dr. George S. Hislop as vice-chairman-designate for 1977-78. He was president of the Royal Aeronautical Society in 1973-74.

## Off-peak phone charges reduced

PEOPLE making cheap-rate local telephone calls on STD will get more for their money from today when the time bought for 3p goes up from 8 to 12 minutes. Cheap rates operate from 6 p.m. to 3 a.m. on Monday to Friday and during all week-ends. Charges for other calls, including all those made from public or private phones with a coin-box, remain unchanged.

# Moët-Hennessy

At its meeting on 21st July, 1977, the Board of Directors of Moët-Hennessy approved the accounts for the financial year ended 30th June, 1977. These show a net profit of FF 31,660,857.95, including dividends received from subsidiaries and other financial income and taking into account the running costs of the holding company.

The distribution of a dividend of FF 8.40 per share is proposed to the Annual General Meeting which will be held in Paris on 27th September, 1977. With its related tax credit, this is equivalent to FF 12.60 per share, an increase of 6.5%, in line with Government recommendations.

In addition, an Extraordinary General Meeting will hold immediately after the above, to propose the following motions:

1. To change the financial year, so that it runs from 1st January to 31st December, from 1st January. As an interim measure, the current account will only six months, from 1st July, 1977 to 31st December, 1977.
2. To authorise the Board of Directors to proceed to the issue of convertible bonds to a maximum of FF 160 million, up to 30th September, 1978.

## BOND DRAWING

### THE NORWEGIAN STATE AND MUNICIPAL POWER CONSORTIUM SIRA-KVINA KRAFTSELSKAP 7½% Sterling/Deutsche-Mark Bonds 1983

S. G. WARBURG & CO. LTD., announce that the redemption instalment of £460,000 due September, 1977 has been met by purchases in the market to the nominal value of £133,900 of a drawing of Bonds to the nominal value of £326,100.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:

£500 Bonds											
12034	12070	12064	12103	12125	12145	12154	12185	12175			
12202	12214	12234	12243	12252	12285	12300	12334	12342			
12364	12375	12441	12461	12489	12472	12521	12534	12544			
12676	12602	12812	12823	12731	12764	12772	12808	12824			
12898	12919	12920	12940	12951	12966	12995	13005	13025			
13074	13085	13107	13117	13126	13173	13183	13194	13205			
13238	13248	13282	13295	13305	13319	13334	13349	13393			
13431	13461	13470	13480	13488	13497	13518	13530	13557			
13596	13606	13620	13630	13638	13647	13656	13674	13688			
13780	13805	13827	13840	13850	13864	13890	13911	13919			
13943	13953	14003	14015	14027	14037	14046	14056	14064			
14088	14108	14141	14163	14181	14201	14220	14230	14230			
14342	14353	14392	14371	14380	14395	14405	14431	14458			
14590	14599	14608	14618	14628	14644	14658	14670	14685			
14750	14786	14800	14812	14821	14874	14818	14818	14833			
14952	15009	15018	15028	15044	15064	15092	15128	15151			
15225	15234	15248	15258	15270	15284	15295	15305	15312			
15666	15575	15585	15594	15602	15612	15628	15636	15646			
15676	15685	15694	15704	15712	15728	15747	15757	15767			
15818	15821	15870	15879	15888	15897	15899	15949	15957			
16014	16044	16057	16067	16074	16084	16115	16122	16131			
16159	16168	16177	16185	16204	16215	16226	16253	16274			
16309	16333	16350	16366	16374	16394	16393	16402	16413			
16451	16461	16505	16516	16533	16592	16572	16590	16605			
16635	16635	16682	16672	16682	16682	16682	16725	16745			
16760	16800	16818	16864	16872	16881	16934	16942	16952			
16880	16990	17003	17013	17022	17053	17066	17098	17120			
17138	17153	17166	17188	17208	17230	17260	17268	17281			
17302	17317	17332	17349	17369	17390	17409	17425	17437			
17482	17507	17568	17589	17606	17632	17657	17667	17707			
17728	17738	17756	17779	17795	17805	17819	17834	17895			
17817	17934	17956	17969	17980	17988	18008	18021	18231			
18249	18264	18277	18291	18306	18315	18330	18340	18521			
18396	18400	18430	18439	18450	18454	18471	18482	18521			
18542	18557	18572	18587	18606	18619	18629	18648	18669			
18682	18698	18707	18720	18741	18769	18781	18789	18822			
18840	18849	18858	18868	18878	18886	18897	18907	18923			
18958	18967	18981	18988	18995	19005	19025	19035	19051			
19094	19105	19116	19131	19141	19150	19159	19199	19208			
19325	19340	19376	19384	19395	19410	19421	19439	19458			
19482	19495	19504	19513	19522	19532	19541	19560	19599			
20032	20039	20048	20057	20066	20075	20084	20093	20102			
20516	20526	20535	20544	20553	20563	20572	20580	20580			
20608	20617	20627	20635	20645	20654	20663	20672	20681			
20689	20709	20718	20727	20736	20745	20754	20763	20772			
20782	20800	20810	20819	20828	20837	20846	20855	20864			
20882	20899	20901	20910	20919	20928	20937	20946	20955			
20974	20983	20993	21001	21010	21020	21029	21038	21047			
21085	21075	21084	21092	21102	21111	21121	21129	21139			
21157	21166	21175	21184	21193	21203	21212	21221	21230			
21242	21262	21311	21370	21382	21397	21412	21427	21433			
21458	21468	21480	21482	21506	21528	21537	21548	21688			
21582	21591										

## PLANT & MACHINERY SALES

Description	Price	Telephone
TWO VARIABLE SPEED FOUR HIGH ROLLING MILLS Ex. 6.50" wide razor blade strip production.	P.O.A.	0902 42541/2/3 Telex 336414
MODERN USED ROLLING MILLS, wire rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillottes, etc.	P.O.A.	0902 42541/2/3 Telex 336414
1974 FULLY AUTOMATED COLD SAW by Noble & Lund with batch control.	P.O.A.	0902 42541/2/3 Telex 336414
1970 CUT-TO-LENGTH LINE max. capacity 1000 mm 2 mm x 7 tonnes coil fully overhauled and in excellent condition.	P.O.A.	0902 42541/2/3 Telex 336414
1965 TREBLE DRAFT GRAVITY WIRE DRAWING machine by Farmer Norton 27"-29"-31" diameter drawlocks.	P.O.A.	0902 42541/2/3 Telex 336414
STRIP FLATTEN AND CUT-TO-LENGTH LINE by A.R.M. Max. capacity 750 mm x 3 mm.	P.O.A.	0902 42541/2/3 Telex 336414
1970 TWO STAND WIRE ROLLING AND STRIP FLATTENING LINE variable speed 60 hp per stand.	P.O.A.	0902 42541/2/3 Telex 336414
2 15 DIE M4 WIRE DRAWING MACHINES 5.000 Ft./Min. with spoolers by Marshall Richards.	P.O.A.	0902 42541/2/3 Telex 336414
50 H.P. VERTICAL WIREDRAWING BLOCK x 650 mm dia.	P.O.A.	0902 42541/2/3 Telex 336414





OVERSEAS MARKETS

BY MARY CAMPBELL

Rise in U.S. money supply hits dollar sector

FOR THE first time in two weeks dealers were last Friday in general agreement at least on what the dollar market would not do—rise. Eurodollar bond prices, which had moved up strongly in the first three days of last week, showed signs of slacking on Thursday and, following the announcement of the latest week's near record rise in U.S. money supply over Thursday night, fell back extremely sharply at the opening on Friday.

There are two main differences between the situation in May and the current position. In the first place, the rise in Eurodollar rates in May came on the heels of several weeks of heavy new issue activity and the quantity of new paper which the market had digested was itself considered by some a sufficient cause for a downturn in prices. This time round, the interest rate rise follows several weeks of slack new issue activity.

The other main difference is in the outlook for economic growth in the United States. The latest GNP figures show that the U.S. economy has been growing very fast—at a seasonally adjusted real rate of 6.4 per cent. in the second quarter of the year, after a 7.5 per cent. rate in the first quarter.

As far as the details of Friday's trading are concerned, two points stand out. First, dealers were all but unanimous that there was no sign of retail selling—that the big price falls the opening consisted of precautionary marking down by dealers and that the selling which was seen during the day came primarily from within the market.

Second, in contrast to previous bouts of weakness in the market this year, the rush to cut the size of books by disposing of that which was most marketable does not seem to have resulted in pressure on floating rate notes. One dealer suggested that this might have been because marginal holders of bonds had already disposed of their FRN holdings earlier in the year.

Outside the dollar sector the Swiss franc market is continuing particularly strongly. Terms of the latest issue, for New Brunswick, mark a quarter point cut in the coupon level to 5 1/2 per cent, the lowest seen so far (apart from one issue by Phillips). The issuing of private placements in Swiss francs for foreign borrowers has picked right up again from the very low levels reached in the second quarter of this year.

A number of private placements running into hundreds of millions of Swiss francs are currently being arranged on terms ranging from five per cent for five years upwards. Quebec Hydro alone is reportedly raising Sw.Frs.300m.

The dollar sector went through a slightly weaker phase in mid-week with the rise in the dollar, but ended the week strongly. The new issue news is in general sparse this week. In addition to those shown in the table below, raising a \$30m and a Sw.Frs.50m. private placement under guarantee of Petrofina. A second D-mark private placement is being arranged by Bayerische Vereinsbank and European Banking Company for Adala Investment Corporation—the DM20m. placement arranged a month via the same two year notes offer 7 per cent at few weeks ago. Mexico's later this week—it is expected, compared with terms of 7 1/2 Comision Federal de Electricidad to offer 7 1/2 per cent. on a per cent. at par on the earlier is launching a DM60m. place-year maturity.

Although prices recovered somewhat during the day, and ended the week in the case of many recent issues up on levels of a week earlier, they fell between a quarter and half a point on Friday itself.

The main question in the markets now is whether dollar bond yields will rise, and if so by how much. The market events of the last few weeks suggest that in a situation of low new issue activity at least, the weakness of the dollar is no longer enough to push down prices of dollar bonds. The factors of real importance are therefore likely to be U.S. money supply and interest rate developments, and the extent to which new issues mop up what appear to be inevitable inflows.

Now the outlook is rather different. The question of whether there will be a downturn in U.S. economic activity in the second half of this year on the pattern of last year is hotly debated. But, although a minimum of three consecutive monthly falls are considered necessary before one should conclude that the growth pattern has turned, the most monthly figures for the U.S. index of leading economic indicators will certainly strengthen the position of those arguing that a downturn is on the way: announced from Washington on Friday, the index is estimated to have fallen by 0.6 per cent. in June, after a fall of 0.2 per cent. in May. The last occasion when these indices fell for two consecutive months was August and September 1976.

As far as the details of Friday's trading are concerned, two points stand out. First, dealers were all but unanimous that there was no sign of retail selling—that the big price falls the opening consisted of precautionary marking down by dealers and that the selling which was seen during the day came primarily from within the market.

Second, in contrast to previous bouts of weakness in the market this year, the rush to cut the size of books by disposing of that which was most marketable does not seem to have resulted in pressure on floating rate notes. One dealer suggested that this might have been because marginal holders of bonds had already disposed of their FRN holdings earlier in the year.

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EUROBONDS

Table with columns: Borrowers, Amount, Maturity, Coupon, Price, Lead manager. Includes entries for U.S. DOLLARS, D-MARKS, SWISS FRANCS, and YEN.

BONDTRADE INDEX

Table with columns: July 29, July 20, High, Low. Includes entries for Medium term, Long term, and Convertible.

EUROBOND TURNOVER

Table with columns: U.S. Bonds, Other Bonds, Last week, Previous week. Includes entries for Cedel and Euroclear.

Indices

Table for NEW YORK DOW JONES with columns for July 29, 28, 27, 26, 25, 24, 23, 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

MONTEREAL

Table with columns for July 29, 28, 27, 26, 25, 24, 23, 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

TORONTO

Table with columns for July 29, 28, 27, 26, 25, 24, 23, 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

JOHANNESBURG

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GERMANY

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AMSTERDAM

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BRUSSELS/LUXEMBOURG

Table with columns for July 29, 28, 27, 26, 25, 24, 23, 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

STOCKHOLM

Table with columns for July 29, 28, 27, 26, 25, 24, 23, 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

STANDARD AND POORS

Table with columns for July 29, 28, 27, 26, 25, 24, 23, 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

NEW YORK

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OVERSEAS SHARE INFORMATION

Table with columns for High, Low, Stock, July 29, 28, 27, 26, 25, 24, 23, 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

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NOTES: Overseas prices include dividend. British dividend... D.M.200m. placement arranged a month via the same two year notes offer 7 per cent at few weeks ago.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table listing various unit trusts such as Brown Shipley & Co. Ltd., Guardian Royal Ex. Unit Mgrs. Ltd., Practical Invest. Co. Ltd., etc., with columns for fund names, managers, and dates.

Table listing offshore and overseas funds such as Fidelity Mgmt. & Res. (Gtd.) Ltd., Kemp-Coo Management Jersey Ltd., Save & Prosper International, etc., with columns for fund names, managers, and dates.

noted 01-351 3466. November coffee 2627-2643. trading on commodity futures. commodity futures for the smaller investor.

OFFICIAL TIMES STOCK INDICES

Table showing stock indices for July 29, 30, 31, and August 1, with columns for index values and percentage changes.

S AND LOWS

Table showing high and low stock prices for various companies, with columns for company names, high prices, and low prices.

S.E. ACTIVITY

Table showing stock activity for various companies, with columns for company names, prices, and changes.

ACTUARIES INDICES

Table showing actuarial indices for various companies, with columns for company names, indices, and changes.

appeal council bill

Text discussing a council bill regarding appeals, mentioning councillors and the appeal process.

SINGAPORE

Table showing stock prices and market activity in Singapore, with columns for company names, prices, and changes.

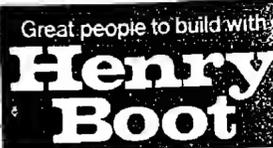
INSURANCE, PROPERTY, BONDS

Large table listing various insurance, property, and bond products from companies like Abbey Life Assurance Co. Ltd., Equi & Law Life Ass. Sec. Ltd., etc., with columns for product names, managers, and dates.

Advertisement for CLIVE INVESTMENTS LIMITED, featuring a table of investment products like Royal Exchange Annuity, Clive Fixed Interest Capital, and Clive Fixed Interest Income, along with contact information.

INSURANCE BASE RATES

Table showing insurance base rates for various types of insurance, including Property Growth (10%) and Cannon Assurance (5%).



Henry Boot Construction Limited Sheffield. Tel: 0246-410111

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

Table of British Funds with columns for Name, Stock, Price, Div, Yield, and others.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase companies with columns for Name, Stock, Price, Div, Yield, and others.

INTERNATIONAL BANK

Table of International Bank with columns for Name, Stock, Price, Div, Yield, and others.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Stock, Price, Div, Yield, and others.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans with columns for Name, Stock, Price, Div, Yield, and others.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Name, Stock, Price, Div, Yield, and others.

AMERICANS

Table of American stocks with columns for Name, Stock, Price, Div, Yield, and others.

CANADIANS

Table of Canadian stocks with columns for Name, Stock, Price, Div, Yield, and others.

BUILDING INDUSTRY - Continued

Table of Building Industry stocks with columns for Name, Stock, Price, Div, Yield, and others.

CHEMICALS, PLASTICS

Table of Chemicals, Plastics stocks with columns for Name, Stock, Price, Div, Yield, and others.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits stocks with columns for Name, Stock, Price, Div, Yield, and others.

CINEMAS, THEATRES AND TV

Table of Cinemas, Theatres and TV stocks with columns for Name, Stock, Price, Div, Yield, and others.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads stocks with columns for Name, Stock, Price, Div, Yield, and others.

DRAPERY AND STORES - Continued

Table of Drapery and Stores stocks with columns for Name, Stock, Price, Div, Yield, and others.

ELECTRICAL AND RADIO

Table of Electrical and Radio stocks with columns for Name, Stock, Price, Div, Yield, and others.

ENGINEERING, MACHINE TOOLS

Table of Engineering, Machine Tools stocks with columns for Name, Stock, Price, Div, Yield, and others.

DRAPERY AND STORES

Table of Drapery and Stores stocks with columns for Name, Stock, Price, Div, Yield, and others.

ENGINEERING, MACHINE TOOLS

Table of Engineering, Machine Tools stocks with columns for Name, Stock, Price, Div, Yield, and others.

ENGINEERING - Continued

Table of Engineering stocks with columns for Name, Stock, Price, Div, Yield, and others.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. stocks with columns for Name, Stock, Price, Div, Yield, and others.

HOTELS AND CATERERS

Table of Hotels and Caterers stocks with columns for Name, Stock, Price, Div, Yield, and others.

HOTELS AND CATERERS

Table of Hotels and Caterers stocks with columns for Name, Stock, Price, Div, Yield, and others.

Main table of stock prices and financial data for various companies, including columns for Name, Stock, Price, Div, Yield, and others.

Handwritten Arabic text at the top of the page.

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, last price, and change.

MOTORS, AIRCRAFT TRADES

Table listing various motor and aircraft companies such as British Leyland, Rover, and Jaguar, with their respective stock prices.

PROPERTY—Continued

Table of property-related stocks and companies, including various real estate and construction firms.

TRUSTS—Continued

Table listing various trusts and investment funds, such as the British Petroleum Trust and the Shell Trust.

TRUSTS—Continued

Table listing various trusts and investment funds, including the Anglo-Siam Trust and the Anglo-Thai Trust.

SANWA BANK Tokyo, Japan. Serving the world with financial expertise.

MINES—Continued. Table listing various mining companies and their stock prices.

AUSTRALIAN. Table listing Australian mining and industrial stocks.

TINS. Table listing tin mining and related stocks.

COPPER. Table listing copper mining and related stocks.

MISCELLANEOUS. Table listing various other stocks and commodities.

RUBBERS AND SISALS. Table listing rubber and sisal stocks.

TEAS. Table listing tea stocks and commodities.

Sri Lanka. Table listing stocks from Sri Lanka.

Africa. Table listing African stocks and commodities.

CENTRAL RAND. Table listing Central Rand stocks.

EASTERN RAND. Table listing Eastern Rand stocks.

FAR WEST RAND. Table listing Far West Rand stocks.

O.F.S. Table listing Overseas Financial Services stocks.

FINANCE. Table listing various financial and insurance stocks.

DIAMOND AND PLATINUM. Table listing diamond and platinum stocks.

REGIONAL MARKETS. Table listing regional market data and options.

Notes and additional market information at the bottom of the page.



## Package to aid Ulster economy

BY GILES MERRITT

MR. ROY MASON, the Northern Ireland Secretary, will announce in Belfast today a package of measures aimed at relieving Ulster's worsening economic difficulties.

They are likely to range from re-vesting its industrial investment incentives to further aid for the Northern Ireland Electricity Service.

At 13 per cent, unemployment in Northern Ireland is almost twice as high as in Britain. During the past three years it has nearly tripled.

The annual subvention paid by the British Government to balance Ulster's dwindling tax receipts against its rising public spending commitment is likely to increase by around 40 per cent in the next financial year.

The present sum is £900m. The four being discussed by senior officials now preparing 1978-79 estimates is between £1,400 and £1,600. For the financial year ended April 1974, the subvention was £313m.

### Energetic

Since taking over as Northern Ireland Secretary last September, Mr. Mason has sought hard to insulate the Province against Government spending cuts. He has maintained employment subsidies and the sponsorship of industrial development.

Also, he has presided over the £80m-plus deal for two LPG carriers to be used by Shell, the first orders the ailing shipyard had received in three years. Together with his Ministers at the Northern Ireland Office, he has energetically focused attention on Ulster's economy.

It is generally acknowledged in Ulster that Mr. Mason's efforts have slowed the increase in unemployment.

But the signs are that his package will fail to provide the two measures that industry is urging—direct subsidies to bring Ulster's high electricity charges in line with mainland Britain's and "tax holidays" for outside industrial investors that would put Ulster's incentives on a par with those being offered by the Irish Republic.

In early April the Government announced that it was writing-off the £24m. operating deficit of the Electricity Service up to March 31, 1977, and had advised that industrial and commercial prices be frozen.

### Burden

It is understood that Mr. Mason's further measures will involve restructuring the Electricity Service and writing-off its overall £350m. Government borrowings so as to remove the heavy interest burden.

The indications from Stormont Castle are, however, that no direct aid will be made available to reduce electricity charges to industry, which the Electricity Service has said can cost large users 30 to 70 per cent. more than in the rest of the U.K.

Subsidies that would bring energy charges in Ulster into line with Britain's were among the recommendations made last autumn by the Quigley Report on the Province's economic outlook. The report, which was commissioned by the British Government, warned that unless a number of steps were taken urgently 25,000 jobs in manufacturing industry and agriculture would disappear by 1980.

Quigley's forecast suggests a looming unemployment level of about 18 per cent. The report advocated a number of measures that the Government should consider. Taken together, they would cost around £500m. over the next few years.

Northern Ireland's range of industrial investment incentives is expected to be updated and improved, but there seems no likelihood that Ulster will be allowed to match the Republic's highly competitive offer of concessions on corporate taxation.

Apart from the revenue losses involved, such tax-holiday systems are already the subject of controversies within the EEC.

Mr. Mason is due to confirm the identity of the new chairman of Northern Ireland's Advisory Economic Council, which has been cut from 30 to 15 members. The new chairman is Professor Charles Carter, vice-chancellor of Lancaster University. This appointment was leaked last week in a Belfast newspaper.

## World trade curbs growing says IMF

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, July 31.

THE International Monetary Fund has found a discernibly higher incidence of trade protectionism around the world in the past 18 months, since the emergence from the 1974-75 global recession.

The comprehensive annual survey of exchange restrictions is to be published in the IMF's monthly survey, out to-morrow. Apart from its general conclusion and some random observations, it indulges in no criticism per se and concentrates largely on listing cases of greater recourse to curbs on trade.

Last year's survey had noted that the 1974-75 recession and the consequent serious balance of payments problems of many countries had prompted the imposition of innumerable restrictions on trade.

"During 1976 and early 1977," this year's survey says, "there was a further drift towards the application of restrictions on current payments and transactions. This occurred under pressure for increased protection arising in part from high levels of unemployment, especially in labour-intensive industries in the industrialised world."

A bigger volume of world trade in 1976 compared with the previous year—did help countries to resist

pressures to impose current account restrictions for balance of payments purposes, the report notes.

But, it goes on, "a larger number of (IMF) member countries and a greater proportion of world trade became subject to more restrictive" policies, especially non-tariff barriers to imports applied on a selective basis.

"Moreover, measures to restrict imports were supported, to an increasing extent, by the negotiation of export restraint agreements. By early 1977 it was apparent that there had been an interruption to the reduction of protectionism that had characterised the commercial policy of the industrial countries throughout the post-war period."

**Import checks**

While traditionally export restraint agreements had tended to be between industrial and developing nations, the survey observes, recently they have been used to curb trade between developed nations.

The survey breaks down the types of curbs imposed into eight categories: in four of these it finds a trend to greater controls, in two no discernible trend, and in two more a tendency to greater liberalisation.

The four categories where curbs have become more prevalent cover quantitative import controls, the use of import surcharges and taxes, advance import deposit schemes, and other measures affecting payments for imports.

The first of these includes not only cases where higher tariffs or selective quotas have been imposed, it also includes agreements that the U.S. in particular has taken the lead in negotiating tariff cuts applied to new members of the EEC and between EEC and EFTA countries.

There was also a trend to increased use of advance import deposit schemes.

There was a fall in the number of bilateral payments pacts between countries, which may take the place of full convertible currency dealings. All told 21 such pacts either were terminated or expired during the period covered by the survey.

The two categories in which the IMF could find no discernible trend covered capital flows and multiple currency practices.

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## Consumer credit cards dispute

BY MICHAEL BLANDEN

THE OFFICE of Fair Trading and the two big credit-card companies, Access and Barclaycard, are in dispute over the effect of the new Consumer Credit Act on more than 6m. card holders.

A section of the new Act gives an individual the right to claim against the lender as well as against the retailer for faulty goods bought on credit where the lender has a direct agreement with the retailer.

This provision, under section 75 of the Act, applies to what are known as "debtor-creditor-supplier" agreements regulated by the Act. Typically, these cover the normal hire-purchase or instalment credit deals, where dealers effectively act as agents for the lending company. But it will also apply to credit-card transactions regulated by the Act.

The Act can be traced to July 1, but credit-card companies are resisting suggestions that the new protection will apply to people who held credit-cards before that date.

By contrast, the Office of Fair Trading contends that when a card is issued to an existing holder it represents a modification of the agreement between the card company and the customer which is sufficient for the new regulations to apply.

Card companies maintain that this is not the case. They say that a new agreement with a card holder is made only when he first takes out a card. The issue of a replacement card is in their view merely the continuation of the existing agreement. This situation is in itself undesirable since it creates two groups of card holders.

Only those who take out a card for the first time after July 1 will have the benefit of the new protection, say the card companies. Those who took out cards before this date will not be protected.

The reluctance of card companies to accept the new liability arises mainly out of what they regard as the excessively onerous conditions which would apply. Generally, they have always been prepared to help a card holder with a grievance against a retailer, where necessary using the sanction of their ability to remove an offender from their list of outlets. They hope to continue providing this voluntary Protection for their customers.

Card companies are concerned that under the Act they could become liable for the whole cost of the goods involved in a transaction and for consequential loss, even if credit was given only for a proportion.

The regulations apply to all transactions involving an Access or Barclaycard, even where the customer pays the full amount on demand and thus took no credit.

Other cards such as American Express and Diners Club are not covered because they provide no extended credit. Discussion of the problem continues, but at present there is no sign of agreement.

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## Accepting houses lift the veil

THE LEX COLUMN

Like so much of the evidence to the Wilson Committee the accepting houses submission is more interesting for what it reveals about the banks themselves than for the solutions proffered. The merchant banks have not removed all their traditional veils of secrecy, but nevertheless, they have said more about their business than they have ever done before.

Quite naturally, given the political pedigree of the Wilson Committee, the accepting houses are eager to dispel any suggestion that they are making excessive profits. Normally about half their deposits are maintained in highly liquid assets and it is "extremely unusual" for the gross margin on these assets to be greater than a half per cent per annum. By the same token their lending does not appear to be particularly profitable: the typical margin on advances to first class borrowers is "of the order of 1 per cent," before providing for administration costs.

On another sensitive issue, however, they are less forthcoming. They give no explanation as to why their property advances and lending to the financial sector generally are twice as high as the average for the banking sector as a whole.

Size

In terms of financial muscle, the accepting houses are now days pretty small beer with their combined assets only accounting for about 4 per cent of the total assets of banks in the U.K. Ranked in terms of sterling deposits, for example, they are slightly larger than the Scottish clearing banks but not much more than half the size of the London branches of U.S. banks. However, they are a much more potent force in the market place than these figures suggest if the amount of funds which they mobilise is taken into consideration.

The accepting houses have outstanding loans of only £3.5bn. (including acceptances), but they claim to have put together another £8.5bn. in the form of syndicated loans and export credits. This is the first time anyone has publicly tried to analyse this type of lending and the information is interesting. Of the £2.2bn of syndicated sterling credits, a third has gone to U.K. manufacturing industry and slightly more overseas. In their role as lead managers the accepting houses have provided just under 12 per cent

of the sterling funds and the proportion of the £5.4bn. of syndicated currency credits provided by them is lower still—just 5 per cent of the total credits managed.

Whilst such figures emphasise the accepting houses' major role as procurers of finance and syndicated lending is growing in importance—it also underlines their potential vulnerability. In the eurocurrency markets their standing as syndicate managers has declined steadily over the last decade primarily because they have been unable to match their international competitors in terms of lending power.

In the domestic market the same process is already starting to happen and it is significant that in the two major loans syndicated for the U.K. this year—£1.5bn. for the Treasury and \$325m. for the British National Oil Corp.—no U.K. accepting houses appeared in the management groups whereas the U.K. clearing banks figured prominently.

In the capital markets the accepting houses' leading position has always been acknowledged and of the £2.7bn. of sterling capital issues raised for the private corporate sector in 1975 and 1976, members of the Issuing Houses Association were responsible for approximately 75 per cent of the total. The vast bulk of this was accounted for by the accepting houses.

The total would have been still higher but for the fact that two of the clearing banks used only brokers to arrange the underwriting on their rights issues.

Another sign of the growing competition between the clearer and the merchant banks can be seen in the field of fund management. The accepting houses had funds under management of £7.5bn. at the end of 1976 and though the clearers have never stated the

size of their investment folios it is believed to be as large these days.

**Savings flows**

The cash inflow of the financial institutions in the first of this year, which is fifth higher than in the first three months. And same period, the personal sold £530m. of securities—the highest disinvestment for over years, comparing with in the whole of 1976.

The release of these at the end of last week with further warnings from Stock Exchange and the ing houses about the posed to the efficiency capital market by the det the private investor. The gest that the trends are, thing, accelerating.

This surge in institutional cash flow was almost concentrated within the funds, where the takings exceeded £1bn. first time. As a result increase, the institution as a whole finished with a higher degree of than might have been given the level of their ment in Government during the period.

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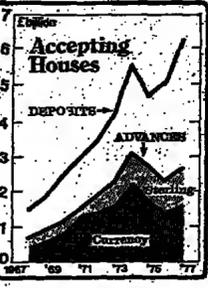
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The graph shows the trends in deposits and advances for accepting houses from 1967 to 1977. Deposits (solid line) show a steady upward trend, while advances (dashed line) show a more volatile but generally increasing trend.

## Leyland to invest £32m. in heavy trucks plant

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

BRITISH LEYLAND is to invest almost £32m. in its Lancashire plant during the next two years in an effort to strengthen its position among the group of leading European heavy commercial vehicle producers.

The investment, sanctioned by the National Enterprise Board and the Department of Industry, will go into a new assembly hall for heavy vehicles of more than 24 tons.

This will double the company's potential output for trucks of this kind to about 20,000 a year, and will bring Leyland into the same capacity range as Mercedes, the Fiat-based Iveco organisation, Volvo and Scania.

Over the longer term the new project, which will employ 1,580 men, could create of 500 new jobs. Shop stewards have welcomed the plan and accepted that it will require "changes in working conditions and methods."

With the latest announcement of its plans for heavy trucks, Leyland has now laid out the basic pattern for the development of its commercial vehicle activities into the 1980s.

In its two other divisions—buses and light/medium trucks—the Truck and Bus Group has already embarked on new investment projects on a fresh range of vehicles.

On the bus side, the group has decided to go ahead with its controversial B15 model, which will be made at the old AEC factory at Southall in London; and the medium/light vehicle division has embarked on a £20m. reorganisation and expan-

sion of its two Scottish factories at Batgate and Alhlon.

The Leyland investment, however, is probably the most crucial item in the future of the Group, which has continued to make profits for British Leyland even during the company's worst years.

Heavy trucks were the basis of the spectacular success of the old Leyland organisation, which went on to form the main rati-

oning force in the British motor industry.

But in recent years this end of the Leyland business has lost market share steadily in Britain and run into a number of technical problems on engines, while falling behind European competitors in vehicle development.

Leyland's prospects for recovering this position now depend on the development of a new range of vehicles to take the company into the 1980s.

Speed is now important as the whole operation could be over-taken by wage pressures within Leyland. Stewards representing the 20,000 manual workers at Longbridge, who traditionally set the pace in the annual wage round, will be seeking talks with the management to-day in pursuit of their claim for a more than 20 per cent wage increase from November 1.

They will refuse to be deflected from their goal by the working party talks. More than 10,000 Leyland workers have still not settled under Phase Two agreements due to be implemented at Jaguar, on April 1, and at Triumph, Canley, on July 1.

The biggest threat hanging over Thursday's talks will be the toolmakers. Mr. Roy Fraser, leader of the unofficial strike and now a member of the working

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## New crisis looms

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## Labour urges curb on multinationals

BY MICHAEL LAFFERTY, CITY STAFF

THE LABOUR Party's National Executive Committee has approved a policy paper calling for extensive controls over the activities of foreign-owned multinational companies operating in the United Kingdom.

The document, prepared by a committee of Labour Party and trade union representatives under the chairmanship of Mrs. Judith Hart, the Overseas Development Minister, will be published as an official Green Paper by the party in September. It says that the Government should monitor the policies of

multinational companies through planning agreements, the establishment of a Foreign Investment Unit, the exchange of information between the Inland Revenue and other Government departments, and greater disclosure based on codes of conduct.

A summary of the policy document goes before the party conference at Brighton in October, and is likely to be approved. It will then become official Labour party policy.

In addition to Mrs. Hart, three other Government ministers, Mr. Robert Sheldon, Financial Secretary to the Treasury, Mr. Alan Williams, Minister for Industry, and Mr. Michael Meacher, an under-secretary in the Trade Department, were members of the group which produced the document.

The paper says the Government already has some powers to deal with multinationals—if it were to use them—such as public purchasing, capital incentives and so on, but "these are uncoordinated and insufficient." It urges the Government to co-ordinate all national dealings with multinationals, if necessary in the national interest, by statutory instrument, approved by Parliament.

Existing controls on both inward and outward investments are described as "confusing, chaotic and overlapping, spanning more than half a dozen Departments as well as the Bank of England." The paper says that a Foreign Investment Unit must be created as a matter of urgency to co-ordinate all national dealings with multinationals, if necessary in the national interest, by statutory instrument, approved by Parliament.

### Weather

U.K. TODAY  
DRY with sunny spells in England and Wales. Cloudy in N. Ireland and Scotland.  
London, S.E., Cent. S., E., Cent. N. England, E. Anglia, W. Midlands, W. Wales

DRY. Cloudy at first, with sunny spells developing. Max. 22C (72F).  
Channel Is. S.W., N.W. England, Wales

DRY. Rather cloudy; sunny spells inland. Max. 21C (70F).  
Outlook: Rain spreading S. to most parts. Bright intervals. Becoming cooler.

BUSINESS CENTRES			
	Y-day	mid-day	Y-day
Alexandria	17	20	17
Amsterdam	17	20	17
Ankara	17	20	17
Bahra	17	20	17
Bangkok	17	20	17
Bombay	17	20	17
Buenos Aires	17	20	17
Calcutta	17	20	17
Canton	17	20	17
Cebu	17	20	17
Hankow	17	20	17
Hong Kong	17	20	17
Kobe	17	20	17
London	17	20	17
Lyons	17	20	17
Manila	17	20	17
Medan	17	20	17
Osaka	17	20	17
Paris	17	20	17
Rangoon	17	20	17
San Francisco	17	20	17
Singapore	17	20	17
Sourabaya	17	20	17
Taipei	17	20	17
Tokyo	17	20	17
Yokohama	17	20	17

HOLIDAY RESORTS			
	Y-day	mid-day	Y-day
Alicante	17	20	17
Algeria	17	20	17
Barcelona	17	20	17
Bordeaux	17	20	17
Brussels	17	20	17
Casablanca	17	20	17
Geneva	17	20	17
Havana	17	20	17
London	17	20	17
Lyons	17	20	17
Madrid	17	20	17
Manila	17	20	17
Medan	17	20	17
Osaka	17	20	17
Paris	17	20	17
Rangoon	17	20	17
San Francisco	17	20	17
Singapore	17	20	17
Sourabaya	17	20	17
Taipei	17	20	17
Tokyo	17	20	17
Yokohama	17	20	17

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